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NATION'S BUSINESS



APRIL • 1932



Twenty Ways to Make Profits

Page 17

The U. S. must borrow
\$1,500,000,000
before July 1

Page 28

What shall we tax and
why or why not?

Page 29

What the jobless are
thinking

Page 32



PUBLISHED BY THE
U. S. CHAMBER OF COMMERCE
MERLE THORPE, Editor

For World's Largest Coal Truck

we specified

Firestone GUM-DIPPED TIRES



Firestone

9.75-20 Gum-Dipped Balloons with Firestone Puncture Proof Tubes equip this "Jumbo" coal truck of 12 ton—16 yard capacity.

**12 tons to the load—aluminum body to increase pay load capacity
— road delays must be avoided.**

"We bought this truck two years ago and specified Firestone Tires because of the exceptional service they rendered us on our five ton White," writes Mr. Albert C. Smith, of the Seaconnet Coal Company.

To avoid punctures and road delays they have since taken the added precaution of equipping the truck with Firestone Puncture Proof Tubes. Referring to this change, Mr. Smith writes:—"To date after delivering over 6,000 miles without a puncture, I believe that you now have us on the best equipment possible for the operation of this piece of equipment."

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Firestone Puncture Proof Tubes

have a lining of dense, tightly compressed rubber that literally "choke[s]" a puncture. They make driving safer, lengthen the life of the tire and often outlast several sets of tires.

Firestone TRUCK TIRES

TUBES - BATTERIES - RIMS
BRAKE LINING
SPARK PLUGS-ACCESSORIES

NATION'S BUSINESS for April



VOLUME 20

NUMBER 4

CONTENTS

Ideas

Enterprising business men today are seeking new methods and new formulas with which to meet new conditions. When the proper formula is found, that fortunate firm no longer complains of bad business. NATION'S BUSINESS does not attempt to prescribe the proper formula for your business. But, beginning on page 17, you will find detailed accounts of the new methods which many companies have employed to meet the present situation. Every one of the companies mentioned has found a way to overcome depression.

Washington Letter

As usual W. M. Kiplinger takes you behind the scenes where you may get a first-hand view of what is going on in the nation's capital. The staff of NATION'S BUSINESS does not entirely agree with Mr. Kiplinger's views, but we present them to you as the seasoned judgment of a trained observer who is right far more often than he is wrong.

Taxes

At present the Federal Government is borrowing at the rate of some \$300,000,000 a month. It is to correct this enormous difference between income and expenditure that higher taxes are proposed. Just what these higher taxes probably will be, why certain suggestions

	PAGE
Through the Editor's Specs.....	6
Less Taxes?—The Test	11
<i>Merle Thorpe</i>	
As the Business World Wags.....	13
Twenty Ways to Make Profits	17
<i>Raymond Willoughby</i>	
What's Likely in Washington.....	21
<i>W. M. Kiplinger</i>	
Two Reports that Rang the Bell	25
No Business Can Escape Change.....	27
Borrowing \$300,000,000 a Month!.....	28
Where Shall We Put the New Taxes?....	29
What America's Jobless Are Thinking Today	32
<i>Kenneth Coolbaugh</i>	
Paul Revere Without His Horse.....	35
<i>Donald Wilhelm</i>	
Confessions of a Capitalist.....	39
Let's Have Stabilization for Needy Au- thors	44
<i>Lewis W. Britton</i>	
Campaigning to Modernize Homes.....	46
Tangled Books of Uncle Sam	49
<i>Frank M. Patterson</i>	
Yours Received and Contents Noted....	54
The Map of the Nation's Business.....	72
<i>Frank Greene</i>	
On the Business Bookshelf	82
Meeting Currency Depreciation	87
Thinks Talked About in Wall Street.....	89
Where Business Will Meet in April	90
Business to Meet in the West	94

are made and why they are proposed, is explained in an article beginning on page 29.

Unemployment

Have we become unemployment-conscious to an extent where we are letting our fear of what the jobless may do color our judgment unduly? Kenneth Coolbaugh believes we have. He has spent many years in daily dealings with those who are out of work. Out of this experience, he explains the present attitude of the man who has lost his job and offers some reasoned views as to figures on unemployment.

Paul Revere

"On the Eighteenth of April in '75" Paul Revere made a widely publicized dash to warn the Colonists that the British were coming. This ride has come down to us through history but it overshadows a great many more important phases in the life of this great patriot. Revere was, among other things, the father of the American copper industry. The article beginning on page 35 will improve your knowledge of American industry while it entertains you.

Government Operation

A revealing study of the books of the Inland Waterways Corporation showing why government enterprises show a theoretical profit where private operation fails.

MERLE THORPE, Editor and Publisher

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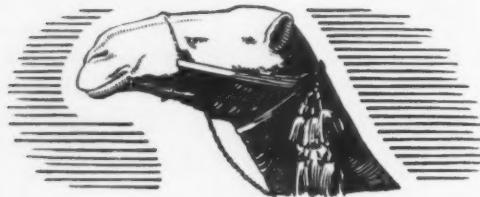
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—Nation's Business, Washington, D. C.

-but who wants to be a **CAMEL?**



EVEN though a camel can go eight days without taking a drink of water, it isn't from choice. It's from necessity. And this same reason, the lack of pure, cool drinking water, causes many employees to go thirsty, rather than drink warm, unpalatable water.

This condition places a real handicap on workers of all kinds because water—plenty of it—is necessary to good health and efficiency.

Kelvinator Water Coolers are the answer to this problem. An individual cooler for the office; a large capacity cooler for the factory, or a circulating system for a hotel or office building—regardless of the size or kind of water cooling job, Kelvinator can handle it.

Kelvinator equipment is, first of all, economical—low in first cost—low in operating cost—and low in maintenance cost.

It is efficient, dependable and long-lived. The time-tested and proved mechanism is quiet and fully automatic. It is powerful, with surplus capacity to supply plenty of cool, sparkling water.

The Kelvinator Refrigeration Engineer in your city is an expert on water cooling. He will, without obligation, make a survey for you and show you how Kelvinator equipment will save you money. Look for the nearest dealer in your local Telephone Directory under "Refrigeration—Electric".

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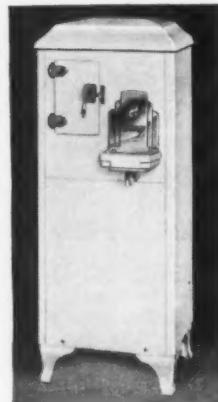
Through the EDITOR'S SPECS

FOR eight years this magazine has almost every month called attention to the increasing expense of government publications. Now, across the country and in the halls of Congress serious attention is given to the subject. Secretary Hyde, answering senatorial criticism, defends the practice. He says:

The present agitation against Government pamphlets originated with the United States Chamber of Commerce, and was relayed via the Senate chamber, barbed with wit, embellished with wise-cracks, and camouflaged under the fair name of economy.

Concluding his answer, he suggests:

If the propagandists who are taking pot shots at the Department really mean that we should abandon what is one of the most economical and effective methods of popular education and information, if they think the Government should discharge all its scientists, or let them work on without revealing the results, it would mean a change in policy that ought to be discussed seriously.



In our humble judgment most of the discussions in the press and in the Congress fail to get at the heart of the matter. When Secretary Hyde describes the work as popular education, he is in effect saying that the present agencies of education have fallen down; that the schools—most of which maintain departments of home economics; that the agricultural colleges; that the farm agents; that the newspapers—practically all of which carry columns and pages of household helps; that the 500,000,000 copies of farm papers and journals, which are bought and paid for yearly by farmers, that all the agencies of popular education are unable to teach the housewife how to hang curtains in her home, how to make rompers for her babies, are unable to teach her husband how to make a cat-trap, and how to rear goldfish.

We are inclined to doubt this. In fact, we believe that if the Government, with all its power to raise money, should take

To Men Who Want to Be WELL OFF by 1936

THIS is a personal message to the man who wants to win a secure place for himself in the next five years.

It is a message to the man who feels that he should be earning several thousand dollars more a year, but simply lacks the confidence necessary to command one of the bigger places in business.

Business conditions have radically changed in the last few years. The old rules no longer work. There is a whole new set of rules to be mastered. New influences are at work everywhere. There is a new sales strategy; there are new production methods, a new export situation, new methods of determining security prices, a wave toward bigger consolidations—in short, a new Era of Business.

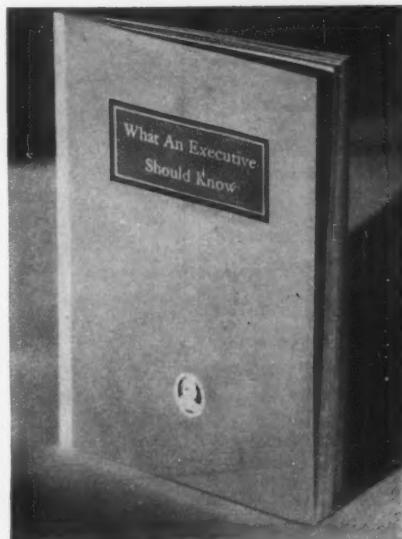
Systems may crack in times like these, but individuals can go ahead just the same.

Many men are finding the answer to their problems in the Alexander Hamilton Institute's new Service for business men. Representing the condensed experience of the best business brains in the country, this new Service is the most comprehensive, tangible help available to ex-

ecutives in meeting the difficult business conditions of today.

Among the business leaders who have contributed to this new Service are such prominent executives as: Alfred P. Sloan, Jr., Bruce Barton, Dr. Julius Klein, Hon. Will H. Hays, and many others equally famous.

Can any ambitious man fail to get something of value from contact with minds like these? Here are a few examples, selected from many hundreds, showing how this organized knowledge is translated into added earning power:



This booklet is for men who want to enter the highest-paid branch of business

CASE 1. Works Engineer, salary \$6,000; now Vice-president and General Manager, salary \$18,000.

CASE 2. Local Manager at \$5,200; now Regional Manager, salary \$15,000.

CASE 3. Production Manager, salary \$6,000; now President, salary \$21,600.

We invite you to send for the facts in an interesting booklet called "What an Executive Should Know." It is a book that should be read by every man who expects to win a prominent place for himself in the next few years. It is well worth a half hour of your time.

The book will be sent you by mail, without charge, if you will simply mail the coupon.

To the Alexander Hamilton Institute, 629 Astor Place, New York City. (In Canada, address Alexander Hamilton Institute, Ltd., C. P. R. Bldg., Toronto.)

Send me "What an Executive Should Know," which I may keep without charge.

Name

Business Position.....Age.....

Business Address.....

.....

The old rules of business no longer work. Send for the booklet which tells how you can learn the new rules



Add the whole Pacific Coast TO YOUR CALIFORNIA ROUNDTRIP

TO YOU who have already singled out one gorgeous spot for a Pacific Coast vacation this railroad of the West offers the thrill of all the rest.

As famous trains bear you swiftly, smoothly to your destination and back again, the whole broad panorama of the West, its breath-taking contrasts, its endless variety—unfolds before your eyes. Southern Pacific offers you a choice of Four Great Routes that cross the continent to meet and run along the whole Pacific Coast. You can go West on one route, and return on another Southern Pacific route and add a thousand thrilling miles to your vacation trip.

Only Southern Pacific offers the choice of Four Great Routes. Only Southern Pacific's rails serve many of the West's greatest attractions. Insist that your routing include two of the following routes: *Sunset, Golden State, Overland, Shasta*. Study the map a moment. Note how Southern Pacific's lines spread out to intimately explore the whole Pacific Coast.

**U. S. Chamber of Commerce
Convention—May 16-20**
In San Francisco where Southern Pacific's Four Great Routes meet.

Southern Pacific

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Write for detailed itinerary to O. P. BARTLETT, Dept. V, 310 S. Michigan Blvd., Chicago, or H. H. GRAY, Dept. V, 531 Fifth Ave., New York City. Name your Pacific Coast destination and the places you want to include in your roundtrip. Here are a few to choose from:

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those billions of dollars and spend them all in an effort to educate by peddling free bulletins on this, that, and the other thing, such activity would not be as effective as the normal process of allowing the people themselves to get this information through the regular and accredited channels.

The Secretary says the public demands these Federal bulletins. But is it a real demand? The bulletins receive the widest kind of advertising of any commodity—free advertising, over the radio, by direct mail under the franking privilege, by placards in post offices, by generous newspaper notices. One would expect the "demand of the public" to be reflected in its requests. The Public Printer reports that, while government agencies sent out at public expense 14 million dollars' worth of government pamphlets and bulletins, the public itself bought \$200,000 worth of them, a sum a little more than three times the amount the Government received from the sale of those bulletins as waste paper.

Without discussing whether the Government should indulge in this kind of work, whether it should compete with other agencies and private citizens, whether it is a judge of what the people need and want, we pause to register a blush for the real scientists of the country. For scientists must blush when the great Government at Washington classes them with those whose laboratories bring forth such contributions to knowledge as "The Self Help Bib"; "Where Sheets Wear Out"; and "Ensembles for Sunny Days."

NOW that the Federal Government gives courses in Russian and other foreign languages, it ought to give a course on the life and works of Thomas Jefferson. The value of the course would be to prevent misquotation and misrepresentation. During the debate on direct federal aid, Senator Costigan exclaimed:

It is to be regretted that all opposition so far developed has come exclusively from spokesmen of the party of Thomas Jefferson. I trust before we are done, instead of giving aid and comfort to the enemy, the representatives of the Democratic party will be aroused to the need to serve the common man.

But if Jefferson were here what would he say to the Federal Government going in for direct aid to the individual citizen? We can't be sure, but we do know that he once said:

The national government at Washington should confine itself to managing our dealings with foreign nations, a comparatively

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small task, which could be performed by a few public servants.

And, on another occasion, Jefferson advocated the strictest economy in the expenditure of public money and promised as he entered the White House that "Government was no longer to waste the labors of the people under the pretense of taking care of them."

Yes, yes, we do need a course on Thomas Jefferson.

A PHRASE from an editorial in *Liberty Magazine* sticks in the memory,

"when government gets its camel's nose into the tent of business, it never withdraws, but gradually the camel, smell and all, follows its nose."

ONE DAY last December a United States Senator was broadcasting his favorite theme, the redistribution of wealth. He declared that there had been a tremendous increase in the number of millionaires. The Government figures available when he spoke showed an increase of 307 millionaires in the 14 years up to 1929. But a few days later the Bureau of Internal Revenue gave us some figures for 1930. They showed that in that one year millionaires had decreased by 364, as against a gain in 14 years of 307.

Well, it seems, millionaires come and go. I don't know how you feel about it, but I for one got along much better during the period of 1916 to 1929 when millionaires were on the up and up, than I have since when they have been on the down and down. In other words, when millionaires were flourishing, the rest of us were enjoying prosperity.

Apparently what the country needs today is more millionaires!

TO the Baltimore *Sun* we are indebted for an excellent bit of counsel on how to cut the expenditures of the Federal Government. It points out that the \$200,000 expended on Farm Board economists could very well be eliminated. (We find the *Sun*'s figure too conservative. The budget shows \$90,400 for fancy economists; \$41,500 for plain economists, and \$97,850 for variegated economists.) For—and the *Sun*'s logic is most convincing—if the Farm Board has acted upon the advice of its economists, they ought to be fired; and if it did not act upon their advice, what's their use, anyway?

M.T.

OLD PRODUCTS, given new life, enjoy new sales impetus. Witness the success of Bryant Heater, whose ingenuity eliminates the age-old chore of keeping up the fire. Diagnose your product—fit it to the new market conditions.

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We would like to know more about your free offer to make a Product Diagnosis for us. And send us a copy of "Old Myron Looks Up"—the tale of an old business and a new bag of tricks.

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Less Taxes?—The Test

AN EARLIER GENERATION of Americans made war in defense of the principle that "taxation without representation is tyranny." In our own times it is a question whether we are not oppressed as much by the representation as by taxation. For it is increasingly apparent that every government activity has its special pleaders. Let abolition or curtailment be urged, and, immediately, a horde of ingenious advocates becomes vocal and epistolary. To these patriots the *status quo* is paramount. Whatever scale of government activity and expenditure is in effect must be regarded as untouchable and inviolate.

What this resistant state of mind signifies in the national bookkeeping is now becoming ominously clear. Today, one dollar out of each five dollars we earn goes to the 250,000 tax-gathering and tax-spending agencies we have set up in this democracy. From eighteen to twenty million of our citizens are now dependent upon tax pay rolls for their support.

When one-fifth of a nation's income goes for governmental activities—most of which are non-productive—the breaking point is at hand.

The Federal Government is on the road to bankruptcy. Its expenses each day are 7 million dollars more than its income. Despite this headlong pace of outgo, groups here and there are urging more appropriations for this and that, demanding more activities on the part of city, county, state and the Federal Government, while delinquent tax sales mount and cities and states are unable to pay their school teachers.

"Let Government do it!" has become the national slogan of thoughtless, indifferent Americans.

If they would only take stock of the state of the nation, they would quickly see that the people of the United States are facing an economic paradox. For it is a matter of record, that, while business firms, families, and individuals are paring their budgets to the bone in order to make ends meet, the cost of government continues to mount. The anomaly of that situation

is plain enough. Money for the support of government comes directly or indirectly from the incomes of the people. All the legislative sleight-of-hand, all the political mumbo-jumbo in the world cannot get us around that solid and unyielding fact. The powerful Federal Government cannot create one single thin dime; to spend a dime, it must take it away from its citizens.

Government bureaus now compete with our citizens in more than 250 lines of business—from agricultural marketing, manufacture of aircraft, anchors, awnings and auto license tags—on through the alphabet, to warehousing.

Government bureaus now "service" every activity; tell the farmer how to farm, the merchant how to sell goods, the tinker how to tink.

With twenty millions of our people now dependent upon tax pay rolls, and with bureaucracy organized with military effectiveness, the job of cutting governmental activities is no child's play.

The sooner we deflate government, the sooner normal living and working conditions for all of us will return. To bring this about, each citizen should insist that his representative cut existing expenses, and he should uphold his representative when he votes against increasing expenditures at this time.

We should understand that, simply because something should be done, is no reason why the government should do it, and that the only way to reduce taxes is to reduce activities.

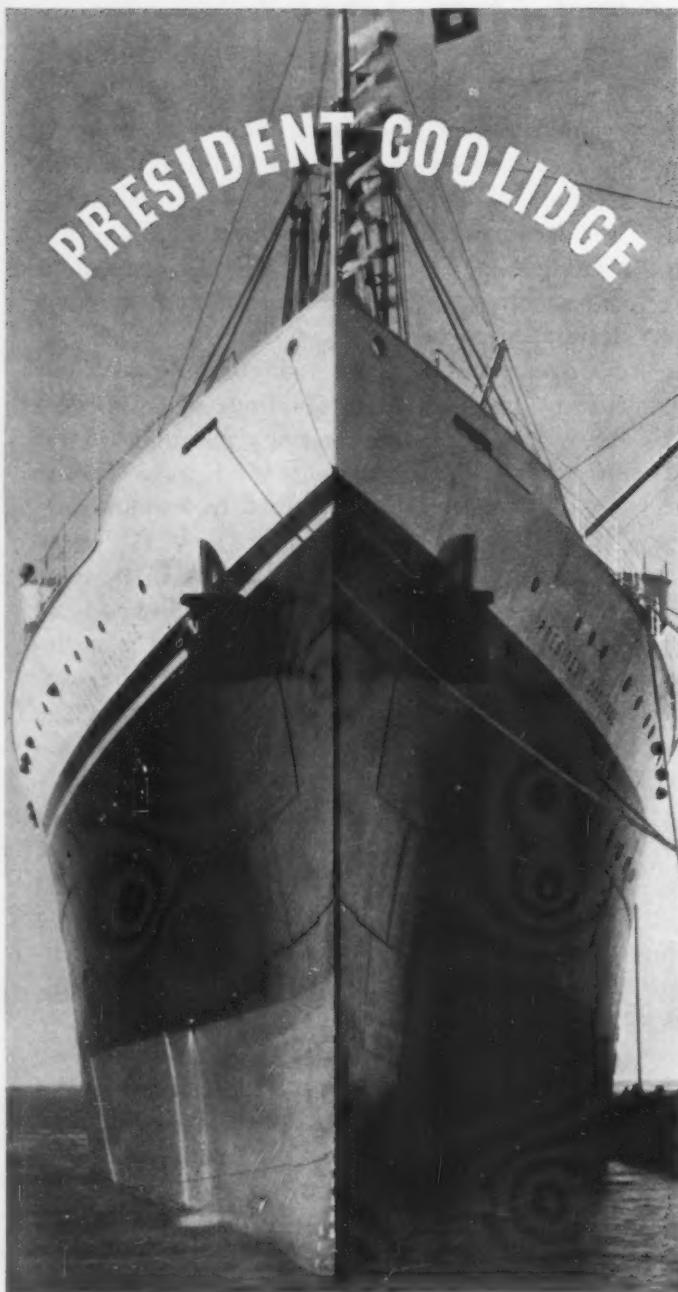
The man, the corporation, the business association, the trade organization, which asks for tax reduction and then runs to Congress pleading to have restored to the budget an item which provides for an activity hitting near home, is fit for treason, stratagems and spoils.

The true test of patriotism is not alone found on the battle field; it is to be found no less in the pocket-nerve.

Meredith Thorpe

The finest electric liner ever launched

and she's **Westinghouse** equipped



HIGHLIGHTS ON WESTINGHOUSE AND
ITS PLACE IN GIANT MARKETS



*The Dollar Line passenger ship, President Coolidge, is one of
the two largest electrically driven liners ever launched.*

FAMOUS ship of a famous merchant fleet, is the new President Coolidge. One of the two largest electric liners ever built—pride of the Dollar Line—the utmost in luxury and the last word in marine engineering among today's passenger ships!

But step aboard. Let the crew's elevator set you nine decks below, where the air is flavored with lubricating oil. Ask the engineers about the turbine generators, or the 13,000 hp. motors that turn the huge propellers. "Westinghouse," they'll tell you. And it's Westinghouse that has supplied the motors and control that drive the ship's auxiliary machinery, above decks and below, from the cargo winches and ventilating fans on the top side to the pumps and compressors in the engine and fire rooms. Also, Westinghouse electric heaters warm the staterooms and Westinghouse electric fans are used to cool them when in tropical seas.

For many years Westinghouse has been a leader in designing and manufacturing electrical and steam apparatus for the marine industry as a whole—including Great Lakes, river, coastwise, and overseas service, a steadily increasing market. The marine industry today is in the midst of an electrification trend as sweeping as that accomplished in other industries. Westinghouse meets this growing demand with equipment which serves ships and their users as completely and reliably as it serves homes, farms, factories, mines, power companies, and transportation systems ashore.

WESTINGHOUSE ELECTRIC
& MANUFACTURING COMPANY
EAST PITTSBURGH, PA.





NATION'S BUSINESS

Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

APRIL, 1932

VOL. XX No. 4

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

**Business Dreams
Are Deflated**



"WHEN do you expect to get back to 1929?"

That question was plumped at the general manager of one of the country's largest manufacturing industries. His answer was straight to the point:

"We're not expecting. We've stopped that line of thinking. Our eyes are fixed on 1932, on the problem of getting as much and as profitable business as we can in this—the current year."

He went on:

"We normally get 15 per cent or more of the business in our line. Our chief competitor gets perhaps 25 per cent or a little less. The rest is divided among a large number of smaller companies, some highly prosperous, some just barely keeping alive.

"This year we are after more than that 15 or 16 per cent and we want to make money on what we get. If our larger competitor or our little competitors feel that way, all right. Let 'em go after business as hard as they can. If we all do, there may prove to be more business than any of us expected."

"In any event, there's no use asking me when I expect the business of 1929 to return. If it comes, fine, but it won't find me sitting at my desk waiting for it. I—and I mean all of us—are apt to be in the works trying to save some money or on the road trying to get some business."

That's the way business is feeling and thinking and acting these days. And in that state of mind and that line of action lies one of the best promises of a return of better business!

**Recovery
May Be Retarded**



BUSINESS feels better if it isn't really better. The steady improvement in the bond market, the extraordinary jump in sterling, the fact that the Reconstruction Corporation has swung into action; these have made business feel better.

poration has swung into action; these have made business feel better.

But recovery—if recovery be begun—will be hindered by the drop in consuming power as unemployment, lowered wages, lowered salaries, lowered income from investments are affecting and will affect sales volume for a long time to come.

Add to that increased income taxes and a manufacturers' sales tax which will be added on to the prices of much of what we buy, and we have no reason to look for the speedy recovery which followed the depression which began in late 1920 and lasted until the middle of 1921.

Here's a young man—we all know him by one name or other, so call him Smith. He has been going ahead well in his business. He'd got up to \$5,000 a year, bought a \$9,000 house and has a baby.

His salary has been cut to \$4500 and he's afraid of another cut. His food, clothing, he admits, are cheaper but no one has cut the interest on his mortgage, and the city, state and Federal governments are promising him higher, not lower, taxes. What will be his attitude toward the new rug for the living room, the new coat for his wife, the new automobile for the whole family?

**Save More
and Tax Less**



THE fight to balance the Federal budget is a hard one. An appropriation bill passes through a long and devious course before it becomes a law. A Department or independent establishment prepares its estimates; the Bureau of the Budget examines these and usually reduces them; the estimates then go before a House committee where changes are frequently made. The pared budget then goes to the House where it is debated, to the Senate where it is debated again, then to conference and finally back to both Houses for final passage.

At every stage of this long journey additions may be made. There is always the statesman, looking after the interest of his district, who announces:

"I believe in economy but I do not believe in disrupting the government services."

There is always a certain amount of log-rolling, of pulling and hauling, of trading this advantage for my

district for that advantage for yours. There are also honest differences of opinion as to what government services are actually useful to the people. Every single item in the budget has its supporters.

More power then to the fighters for economy and a budget that shall be balanced, so far as is possible, by saving and not by taxing.

But they need every ounce of support that business can give them.

Seeking the Painless Tax



What taxes are proposed and the arguments for and against are discussed on page 29.

It is certain that Federal income taxes will be largely increased. It is possible that gasoline will be taxed as it flows into the consumer's automobile and that moving picture admissions will be assessed.

Meanwhile, the states with budgets rarely decreasing and sources of revenue drying up are casting about for new revenues. New York plans to double her state income tax, to levy 10 per cent on admissions to moving picture theaters and considers another cent a gallon on gasoline to continue her relief for the unemployed.

Query: If all these things are done what will be the state of mind and pocketbook of a New Yorker who, having paid his income taxes, is considering driving his wife and three children five miles by automobile in order to see a moving picture?

Conflicts in Public Demands



If it doesn't, who or what is to blame? Certainly the public wants taxes cut.

The answer to the first question is as yet uncertain. The answer is probably that reductions will not be very considerable. (On both questions read also Willard Kiplinger's letter on page 21.)

The answer to the second question is more complex. In the first place *do* people want taxes cut? The answer is "yes!" Do they want spending checked? "We-l-l, yes and no."

They'd like to stop some spending by the Department of Agriculture, but they don't want to interfere with an appropriation for the Bureau of Standards where their own industry (they think) is getting a bit of help at some other fellow's expense. They're not worried about roads in Nevada, but they'd like a new Federal Building for their own town. So the first obstacle is SELFISHNESS.

Government spending is the business of everybody so it's the business of nobody. Let some other fellow do it. "Will I join in a protest against certain spending?" "Well, no, I don't think I'll bother. I might offend someone." So a second obstacle is INERTIA.

THE Federal Government is scouting about to find what taxes it may levy with the largest possible return to the Treasury and the least possible squawk from the taxed.

Too few people realize the really critical condition of the country's finances. (See article on "Borrowing \$300,000,000 a Month" on page 28.) Too few people understand that borrowings mean that business will find it harder and harder to get needed capital. Too few people realize the burden of taxation they must bear and the extent to which it will check buying power. So a third obstacle is IGNORANCE.

Many men sincerely believe that it is wise policy to take a very large part of the individual's income and spend it in "social services," in public works, in all sorts of ways. They may not call themselves socialists, but there is socialist thinking. Thousands, who shudder at the word socialism, support or are passive in regard to this political gospel. They adhere to the fallacy that the rich pay the taxes. So a fourth obstacle is SOCIALISM.

A Word Against Extravagance



HERE and there, there are voices in protest against the selfishness and indifference which prevent reduction in government spending. It is a pleasure to quote this from an address by C. H. Duncan, Secretary of the Ohio Contractors Association:

The evidence of recent months leaves serious doubt in my mind as to whether some of the leaders in our industry desire stabilization or regard the same as a virtue. Their efforts have been toward inflation and away from stabilization.

I refer to the efforts of certain leaders in our industry and of powerful elements entirely outside the industry to persuade the national government to embark upon a tremendously expanded program of constructing highways and other public improvements, and to finance the same by an issue of several billion dollars of government securities.

The financial transactions of the national government are now being written in red ink. It is already a heavy borrower for the purpose of meeting its financial requirements on the basis of the present rate of expenditure. Both the ability and the disposition of the people to respond with heavy increases in taxation are limited. Substantial additional borrowing must be superimposed on increased taxes to cover expenditures already authorized.

Sensible words from a man who would have found much support in his own industry for more government spending.

Big or Little Business



IT IS a commonplace of this depression to say that "big business is doomed," that its very bigness has made it inefficient and incompetent.

To which the head of a company which deserves by any test to be ranked as "big business" said:

"In our industry three companies, of which we are one, do little more than half the business. The other half is done by a great number of small companies.

"Of those small companies there has been a heavy death rate in the last two years. There have also been instances of small companies which have stood out brilliantly above the common level of decreased profits. It is those companies which have helped the belief that the small business has done better in these days than the big one.

"I think it is all a question of management. Where the small business has an unusually capable man at the head it may be in a better strategic position than is the

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big business quickly to meet trying situations.

"In the big business no one head can carry all the details and a group moves more slowly than a single head."

We All Need Spizzerinktum

TO SENATOR Smoot of Utah, Chairman, our gratitude. We have long been obliged to look from our windows at

the State, War and Navy Building across Lafayette Square and flanking the White House on the West. We vaguely knew that it was wrong, but we didn't know until this declaration came from the Senator:

"I never saw so many jimcracks and spizzerinktums put upon any other building I ever saw in the world."

A jimcrack we learn from the dictionary is something "cheap and showy" but Funk and Wagnalls and Webster fail to tell us what a spizzerinktum is.

However, the Middle West and Southern members of our staff, three from Indiana, two from Illinois and one from Iowa and one from North Carolina, hailed the word as an old friend, but objection was made to the Senatorial use.

"Spizzerinktum" they agreed was not a decoration, but a quality, akin to "pep." A man or a business has or has not "spizzerinktum."

"What the United States needs right now is spizzerinktum."

Our Army of a Million

THE Bureau of the Budget has recently reported that the government pay roll is about \$1,501,000,000 a year.

The number of employees in the executive and military branches was 1,023,375. The legislative, judiciary and independent offices were not given out but if the average pay is the same as in the executive branches it is about 129,000 making a total of 1,152,000 government employees, which is one for every 20 or 25 families.

Put it another way. There's now a federal worker to every 50 voters. A mighty army and an army that never grows less.

New Money To Spend

IF a manufacturers' sales tax of 2.25 per cent will yield \$600,000,000 in a year of depression what would a tax of 4.5 per cent in a period of highly active business

yield? A billion, a billion and a half perhaps.

What a glittering prospect new taxes may open to government spenders. With a continuing sales tax at an even higher rate the Federal Government might embark on all those prospected expenditures for the public good that our most "social minded" legisla-



The taxpayer is finding that it is open season for governmental hitch-hikers

tors can imagine. At least the introducers of the new tax bill have made this tax end automatically on June 30, 1934, so the spenders will have to fight to restore it.

Why Let Up as One Nears 70?

HENRY FORD will be 69 years old next July, but he is still able to keep the rest of the automotive industry uneasy and the public interested in his doings and his

not-doings.

In the latter class was his refusal, up to March 10 anyway, to announce the prices of his new model four- and eight-cylinder automobiles. Until he does, makers of other cars in the middle- and low-priced classes find their markets frozen since buyers are asking, "What'll Ford charge?"

And word came from Dearborn that no one but "the old man" could or would decide the price and that when he made up his mind he'd tell the world—and not until then.

A disturbing and an unsettling state of affairs. Much was made in the press of Mr. Ford's dramatic announcement that he was prepared to plunge his all on swift and tremendous production, hopeful that a public would rush to buy, on long-term credit, a product which he promised would be exceptional.

Meanwhile Ford's critics in Detroit and elsewhere—and they are many—say that he cannot get into production of his new eights or even of his new fours in nearly so short a time as he would have the public believe and that he is doing industry as a whole

an immeasurable damage by delaying business recovery.

But it's a lively old gentleman who as he nears his seventieth year can set an industry by its ears and keep a whole country interested in his doings.

Ethics of a Publication



permits a contributor to misstate facts, or to do evil to another, but to us it seems that, having invited a contribution from a person whose good faith, whose knowledge and whose judgment we trust and respect, then we are in fairness bound to permit him to express his opinion, even though it differ from ours.

We say these things because of a letter the other day asking if we "agreed with" Mr. Kiplinger in certain things he's said in his monthly Washington letter. We didn't and we don't agree with everything in the letter in the current issue. But we respect Mr. Kiplinger's knowledge and judgment and we enjoy his letters and find them worthwhile. We wish we knew how many of our readers had the same opinion.

The High Cost of Senators



The pay of a Senator and of a member of the House of Representatives is \$10,000 a year—not a startling amount.

But the high cost of Senators isn't alone in their salaries. Senators and Senate employees are paid \$2,654,132, which is \$27,500 apiece for the 96 Senators, of which \$10,000 only is salary, and the rest goes to ministering to their needs. We get off cheaper with our Representatives. They cost only about \$17,500 apiece including salary.

Cooperation in Water Power



THE PHYSICAL demands upon many of our watercourses have grown so great that limitations of supply are inevitable with resultant rivalries and jealousies between communities, regions or states "for the right of use." It was in recognition of this fact that the National Chamber's membership in its recent Water Power Referendum urged cooperative planning by the states and the carrying out of such plans by interstate compacts.

Within the past few months, the Supreme Court of the United States has handed down decisions affecting interstate streams which have large significance and make plain the approach of the Court to such an interstate problem.

Justice Holmes (in New Jersey vs. New York, Delaware River) says that, "A river is more than an amenity, it is a treasure. It offers a necessity of life that must

be rationed among those who have power over it."

Where Business Can Help



"ALL MUST agree," said Silas Strawn, in a radio address on More Faith, Fewer Nostrums, "that never before in modern times, at least, have there existed not only in our own country, but throughout the world, economic and social conditions which so compel the serious considerations of our citizens."

An impressive measure of the seriousness of his own consideration was dimensioned in his implications of a national state of mind susceptible to fertilization by socialistic doctrine. To maintain wages wherever possible, he admonished, is essential. For another bulwark, employers must contribute liberally to funds for the relief of the unemployed.

"These contributions are not charitable gifts," Mr. Strawn said. "They are premiums on insurance against Socialism and the stability of our Government."

For the business community there is a special significance in his belief that "the responsibility of bringing business back to normalcy in this country, particularly, and in the world, in general, rests upon business men rather than upon government." The example of individual business men in giving substantial support to the forces of recovery is not without its national usefulness. What organized resourcefulness can do is reflected in the interest of the National Chamber in providing a true picture of the economic situation—"in the hope," as Mr. Strawn put it, "that we may be able to make some constructive suggestions to enable us to anticipate or avert similar conditions in the future."

Commodity Prices Too Low?



OUR Wall Street correspondent tells us that the business world is watching commodity prices with more interest than ever before.

A visitor confirmed this, and then went on to talk of his own business which uses large amounts of copper.

"We'd rather buy copper at 12 cents than at 6," said he, "for with copper where it is we're not going to sell our product to the copper industry. Nor will steel buy from us if the automobile men force prices of steel to too low a price."

The cry against hard bargaining, against price-cutting, against selling below cost is heard as it is always heard, particularly in periods of depression. But there's this other side to some price-cutting: New prices bring new attacks on costs and many a job has been taken which seemed to promise a certain loss but which resulted in a profit.

Only the other day we were told of a company which found it was saving a million dollars or so by overhauling its adjustment bureau. In rosier days its policy had been to allow for almost any claim on the doctrine of "the satisfied customer" or "the customer is always right." A closer inquiry has shown them that in being "fair" to the customer they were being unfair to their stockholders.

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Twenty Ways to Make Profits

By RAYMOND WILLOUGHBY

Of the Staff of NATION'S BUSINESS

DECORATIONS BY D'ARCY



1931 was a year of business grief, yet the high percentage of surviving firms offers encouraging reason to believe that mourning does not become America. Of the 2,125,288 concerns in business, only 28,285 failed—1.33 per cent of the total. Not only were many houses able to keep going, but many actually did better than in 1930. From that group, NATION'S BUSINESS presents some representative experiences



Philco spent millions to promote a new product—it paid

IT IS related of P. T. Barnum that when he located his museum on Ann Street, in downtown New York, he put up a sign which read, "This Way to the Egress." Once the victim got outside he had to pay another dime to get back again. The present situation of American business provides something of a parallel—it has been too easily swayed by signs, it is paying for its errors of judgment.

Of course, the idea of business "come-backs" does not mean that our commerce and industry wish to see things as they were in 1931. A wry humor has colored much of the opinion on the state of trade, and confidence has been consistently qualified with complaint. Condemnation has been more usual than cooperation, self-pity more fashionable than self-reliance. Yet it is also apparent that the bumper crop of astringent wisecracks is not the whole

The Johnson Food Company refused to listen to the pessimists



story of the depression. After all, the stationer who found it profitable to carry a small side line of black inks was only a half-hearted pessimist.

For it is a fact that not every chapter of our business history is being written "in the red." Some managements, instead of joining the calamitous chorus, "What ails the country?" have been asking themselves, "What's wrong with us?" This industrial and commercial self-searching has revealed a costly obsolescence of ideas and practices. Re-appraisal has become the order of the day. Methods which got by easily in the lush and lamented "new era" prosperity must now face unsentimental business juries.

How well American business used last year's opportunities to put its house in order is an inviting subject for study. As the record becomes available, it discloses the exercise of hard thought, the revitalization of old ideals, the careful sowing of new soil. What the harvest has been is here briefly suggested with references to the new experiences of representative companies. Determined



Congoleum Nairn increased its profits almost 600 per cent

merchandisers were quick to see that they had not lost customers, their customers had only stopped buying.

A survey of 504 companies in many lines of business by the research bureau of the Advertising Federation of America revealed that 303 concerns, or 60 per cent, were making net profits in 1931. In fact, 71 of these companies, or one out of every seven, earned a greater profit in 1931 than in 1930.

Five of the eight grocery chains surveyed made larger profits.

Every one of the six general chains on the list earned more money in 1931 than in 1930.

All the carpet manufacturers on the survey increased their profits in 1931.

Five out of nine manufacturers of cosmetics and drugs show bigger 1931 earnings while the remaining four were only slightly under 1930.

Of the cigarette manufacturers, four

out of five companies increased their profits.

Getting down to individual cases the record is consistently convincing. A million-dollar-a-year drive by the American Soap Manufacturers' Association to spread the gospel of cleanliness lifted 1930 and 1931 sales totals above the so-called "boom" years, while an oil burner company, Timken, Detroit, raised 1930 sales by 56 per cent, and 1931 sales by 37 per cent.

New products helped

PUTTING a new face on a familiar household cleaner, Bon Ami, substantially advanced sales in both 1931 and 1930. A food concern, the Johnson Educator Food Company, tempted the public with a new kind of cracker and sold 6,750,000 packages in eight months. The A. B. Chase Company, an old-line piano house turned to the manufacture of motor boats and was able to increase



Norge intensified sales effort and increased advertising

its profits with no lay off of workers.

A maker of alarm clocks, The Western Clock Company, roused the public to a new receptivity with a "polite alarm," coupled with an intensive sales campaign. A similar blood transfusion carried an automobile piston ring, "Perfect Circles," to a 34 per cent sales gain in six months. A solder manufacturer, the Kester Company, broadened its market by putting out a household kit and focusing its advertising on the men folks.

Contrary to the advice of dealers, the Philco Company introduced the "Baby Grand," an inexpensive radio set. Despite the warning that total sales of all radios were slipping off about 30 per cent, the company spent millions of dollars to promote the new product. As a consequence, sales climbed 100 per cent higher in 1930 than in 1929, and a much larger force was put to work in 1931.

With the total output of motor vehicles reported at 2,390,000 in 1931, as against 3,356,000 in 1930, and 5,358,000 in 1929, Auburn and others, by aggressive selling and promotion, made bright spots in the business news. How the company's management viewed its problem is told in the following paragraphs:

We approached 1931 with the idea that fewer motor cars would be sold than in 1930 and that the job would require more intensified sales and advertising effort than ever before. Our organization was continually reminded that, to get the business, it must get out and work for it—that people were parting with dollars reluctantly and that merchandise must be sold.

As a result of this policy, 1931 was the biggest year in the history of the Auburn Automobile Company, shipments having



The Hotel New Yorker served 12.25 per cent more guests

exceeded 1930 by more than 20,000 cars and 1929, the previous peak year, by more than 10,000 cars. This increase in business we believe resulted in a great measure from the value in the merchandise coupled with outstanding design and performance.

Our merchandising program was predicated upon giving the public what it wanted at prices in keeping with revised economic conditions. This enabled us to increase our dealer organization by more than 50 per cent and to increase the man power of the dealers we already had. We gave our salesmen in the field more information and help in the way of selling facts than ever before. They knew their merchandise and were able to present it intelligently.

Better selling brought profits

THE Chrysler Corporation is another which sold more automobiles in 1931 than in 1930 and its net income available for the common stock was equal to 33 cents a share on 4,404,365 shares, against five cents a share on 4,414,645 shares in 1930.

The improved showing was made in the face of a drop in the dollar value of sales from \$207,789,338 in 1930 to \$183,805,105 last year. Chrysler's earnings reveal how effective were the

economies put forward to offset depression influences.

The Four Wheel Drive Company, makers of motor trucks, also got up the hill with something to spare for dividends—net earnings amounting to \$4.66 a share. W. A. Olen, president of the company, explains that sales were made mostly for cash. Where time was allowed, the sales were either county or state purchases, with no question of financial responsibility. Not only did this company end the year profitably, but it began 1932 with orders which required three full shifts of workers.

"Strictest economy was exercised in all departments," Mr. Olen adds, "as evidenced by the reduction from \$4.25 a sales call in 1930 to \$3.35 a call in 1931. Despite this economy, neither advertising nor sales activity was curtailed. The company forged ahead throughout the year, extending rather than decreasing its sales and advertising effort."

The operating results of the finance



Timken Oil Burners also raised sales 56 per cent in 1930

companies for the past two depression years suggest that instalment financing of merchandise is on a sound basis and can be profitably conducted during depression, according to A. E. Duncan, chairman of the board of the Commercial Credit Company. Mr. Duncan said:

Our Company made \$4,279,291.54, equal to 9.46 per cent on average invested capital in operations for 1931, and \$4,507,924.82, equal to 9.04 per cent for 1930. Also, on December 31, 1931, on \$54,005,866.64 motor retail time sales notes, 1.43 per cent represents refinanced or extended transactions, and 1.46 per cent represents current repossession with responsible distributors and dealers for the sale and liquidation of which they are liable. Only .43 per cent of the total of these notes was more than two months past due.

On \$37,212,516 in industrial lien retail time sales notes, 1.19 per cent represents transactions refinanced or extended, and .31 per cent represents current repossession for the sale and liquidation for which responsible dealers are liable. Only .91 per

cent of the total of these notes was more than two months past due.

Rubber made no altitude records in 1931, yet it was possible to make a profit with manufactured products. Here are five things the Seiberling Rubber Company did to make a better showing in 1931 than in 1930:

1. We made sure at the start of the year that our expenses would be less than our probable income. We judged our income conservatively; then, regardless of apparent dangers, we made our expense conform to a lower figure than this conservative income.

2. We gave the sales organization something new and better to sell; natural resistance to sales was met with a new, novel and better article.

3. We gave the sales organization a real incentive by giving it a chance to make more money if it sold more merchandise.

4. We made the organization see that the advantages which we were giving it in product and policy definitely outweighed the disadvantages of operating during the depression.

5. We exercised a control over the opera-

encourage remodeling and new construction in their communities, and are constantly seeking possible sales.

More than 1,000 dealers have enrolled upwards of 60,000 "Minute Men," each of whom has been given a short course in sales promotion and sales closing. Many of these "Minute Men" are now influencing sales not only of Masonite, but all of the products carried by the retail lumber dealer. Masonite Corporation and Masonite salesmen are continuing to work on the premise that intelligent and continued sales effort can produce business in 1932.

Good business in floor coverings

"THE release of earning statements covering the operations of two companies concerned in the business of floor covering," says the New York *Herald-Tribune*, "got Wall Street wondering whether a boom is developing unnoticed amid all the gloom. Mohawk Carpet during 1931 made a profit of \$310,673 as against a deficit in 1930 of \$599,779 and increased its working capital from \$7,502,987 to \$8,352,388. Congoleum

mitted by this medium which may be used generally or concentrated in certain sections or wherever the need seems to be the greatest. This method has proven profitable and will be continued even more aggressively in 1932."

At the same time, the Kellogg Company has provided a suggestive example of industrial adjustment to the new economic conditions. The six-hour working day, adopted by Kellogg's slightly more than a year ago, is an established success both from the standpoint of increased employment and more economical production. Approximately 400 new, permanent jobs were created by the Kellogg plan and, even with the increased wages it provided, the system has been profitable.

"The Kellogg Company will start 1932 with a more aggressive advertising plan, with no change in basic policies," its president declares, "and is looking forward to a greater business than that we enjoyed in 1931."



The Kellogg Company made adjustments to meet new conditions



tions of each salesman, thereby enabling him to make his time more effective and do more productive work each week than he had done before.

Construction industries have not found the going easy, yet the six-year-old Masonite Corporation, maker of structural insulation, has forged ahead through both 1930 and 1931 because it met the situation in each of these depression years with increased effort to sell. It increased its advertising appropriation so that several nationally circulated magazines were included in its schedule. In 1930 it doubled its field selling organization, and again in 1931, 20 more salesmen were added.

Continuing its intensive selling activities into 1932, Masonite has begun its "Minute Man Campaign" in which dealers are enrolling carpenters, contractors, real estate dealers, employees and friends who pledge themselves to

Nairn reported a profit of \$1,239,666 against \$208,839 the previous year. It is a matter of comment when a company does better than it did the previous year; when two in the same industry do it the same day it looks like a boom."

The end of the year marked a quarter of a century of successful business for the Kellogg Company, manufacturers of cereals—"an unbroken record of progress, regardless of the several cycles of deflation through which the century has passed," as its president phrased it.

"Much of the credit for the Company's unbroken record is due to the judicious use of newspaper advertising," to quote Mr. Kellogg. "We are taking full advantage of the flexibility per-



Masonite encouraged remodeling and new construction projects

McCormick & Company, Inc. are world dealers in spices, mustards, teas, flavoring extracts and drug specialities. How this firm combated the depression is told in these extracts from a letter by its president:

When we first scented the depression two and a half years ago, we got a manager for our export department and sent a man immediately to South America, and another to Mexico and the Islands, with the view to enlarging our business. The plan so far has worked out splendidly—in fact our export business in 1931 was double that of 1930 and orders are coming in nicely for shipment this year.

We have increased our sales force on our domestic trade with the hope of keeping up our tonnage, and this has not only been done but it is even larger than in 1930. The primary reason for doing it, however, was to keep our full force of employees working—they are closer to us than anything else.

We believe that if the manufacturer intends to keep up to date, have his factory

going and maintain sales, he must create new styles, new goods, and dress up the old ones as much as possible.

And people still eat

DESPITE the unpleasant emphasis on breadlines, a good many people were able to pay restaurants checks—enough, for example, to show a profit of \$241,129 for the Childs Company and its subsidiaries. The Childs Company never let the public forget that it is "The nation's host from coast to coast." And just as pertinent is the report of the American Institute of Meat Packers that more meat was consumed last year than in 1930.

Evidence that people traveled in 1931 and had the money to pay for their lodgings is presented in the report of Ralph Hitz, managing director of the Hotel New Yorker, New York City. The profits for 1931 totalled \$1,503,923, compared with \$1,293,949 in 1930—an

of \$700,726, reduced funded debt of subsidiaries in the amount of \$135,500 and redeemed preferred stock of subsidiaries by \$73,850 at the same time improving its current assets to liabilities position by a ratio of 4.2 to 1, against 3.1 to 1 at the end of 1930.

A tonic for any business not completely licked by the depression is provided by the experience of the Norge Corporation, makers of the Rollator refrigerator—it shows what vigorous selling and advertising can do for a well-designed product.

Norge sales showed gains in every month of 1931, ending December with an increase of 417 per cent over the corresponding month of 1930 and a net

frigerating units were produced and placed in service.

"Curiously enough," writes Mr. Mirt, "the development of the mechanical refrigerator has not put the ice companies out of business. Instead, the campaign waged by mechanical unit producers, while extremely successful for themselves, has brought many new customers also to the companies producing ice for household and other consumption."

"One advantage which the mechanical refrigeration industry is enjoying this year," as the Standard Statistics Company points out, "is the aggressive effort of the utility companies to expand distribution."

Holders of tobacco stocks, says a commentator on Wall Street affairs, are finding in the 1931 reports of the principal manufacturers a solace akin to that which the product itself is believed to bring to its users. The prosperity of the industry certainly is one of the bright spots in the financial panorama of 1931.



Mohawk Carpet found itself able to increase working capital

increase of 16.23 per cent. The number of guests served increased 12.25 per cent, while total sales increased 5.6 per cent.

Much has been said in the last two years about the preeminence of good management in hard times. Possibly the showing of the Kroger Grocery and Baking Company is an argument in the affirmative. The company operated 4,980 stores on the average in 1931, compared to 5,302 in 1930, yet earned \$1.46 on its common stock against \$1.15, indicating abandonment of unprofitable locations and an increase in business in the units retained.

Sales *per* store declined \$13 per week, compared with 1930, although the commodity price decline *per* store a week was estimated at \$162. Despite adverse conditions, the company wiped out loans of more than \$900,000 refunded employee stock subscriptions in the amount



The Hecht Company strengthened its organization

gain of 460 per cent for the 12 months. Pre-season orders forecast 1932 as another satisfactory year, by report of the corporation's president, Howard E. Blood. He said:

We are optimistic and can see great things ahead for those manufacturers who will intensify their efforts during 1932. There will always be a demand for the product which is well made and which is so publicized as to attract popular attention. Sales organization is important, of course; management has never faced problems so strict and severe as those now confronting organized business.

Norge will strive to maintain its position by increased advertising, more intensified sales promotion, and even more efficient administration of the dealer organization. We shall fully utilize the recently purchased Alaska Refrigerator plants at Muskegon, Mich., and will convert the Detroit factories into Rollator producers, general administrative offices and experimental laboratories.

Tracing the growth of mechanical refrigeration from a post-war "fad," John A. Mirt, financial editor of the Chicago *Evening Post*, declares the strides made by this "lusty infant" of American industries culminated in a successful year during which more than 1,000,000 re-



McCormick & Company, Inc., went after the foreign markets

It may be that troubled minds have turned to tobacco in its various forms more extensively during the depression period. It is more strongly indicated, however, that the undaunted and undiminished program of advertising and merchandising carried out by the leading companies was the chief force preventing a slump in the industry.

The 1931 report of P. Lorillard Company, one of the "Big Four" cigarette manufacturers, emphasizes that the tobacco men not only escaped the depression but actually achieved greater prosperity last year. The company's net income of \$4,846,373—\$2.12 a common share—was \$1,200,000 larger than the \$3,614,363, or \$1.47 a share in 1930, and was nearly double common stock dividend requirements. Surplus was increased more than \$3,000,000 to a total of \$19,585,157, and on December 31

(Continued on page 60)

What's Likely in Washington

A Real Letter to a Real Man, By W. M. Kiplinger

DEAR MR._____:

THANKS for your last letter in which you tell how you feel about Washington. I agree with you generally. Washington is a hothouse of fancy, theoretical thinking. It would be good for our souls, if not for our skies, to have iron foundries, or shoe factories, or textile mills hereabouts. They would neutralize the politics, statistics, surveys, researches, laws, speeches, society and real estate, which are our principal products.

But sometimes I suspect that you haven't quite gotten under the surface of Washington, despite all the time you've spent here. Some of the questions in your last letter show that you are almost as theoretical about Washington as you think Washington is theoretical about some of your "practical business problems." You are inclined to see just one angle—your angle, or the angle of your region, or the angle of your associates. Washington sees approximately all angles, and it acts accordingly—compromisingly.

True, Washington is slow and clumsy. Its methods are bureaucratic. There's a formalization and a lack of proper expedition of procedure. Its policies and actions usually lag behind public sentiment. But these are faults of democratic government and can't be helped—yet. The rock-bottom remedy lies in public understanding of what goes on here and why.

Business Outlook FIRST, let me tell you rather generally what Washington thinks about the business outlook. There is no unanimity of opinion here, but there are certain preponderant views.

The majority view here is that the worst is over. Most of the non-official authorities who don't have to maintain official pose think that the past three months will prove to be the low point of the depression, or the beginning of the bottom.

When will the upturn come? No one pretends to know, but I believe it is a fair statement that most people here think in terms of the beginning of permanent improvement next fall.

Meanwhile what? Well, the authorities here don't expect business to have an easy time during the next five or six months. There is still plenty of debris. The lean period isn't ended. We have plenty of chores to do before the "reconstruction" can show results. The chores include reorganizations, corporation budget trimming, further deflation here and there, acceptance of losses—all in the interest of getting down to bed rock. Profits can't be anything to brag about in the next six months, which is about the limit of visibility.

Understand, I am talking about basic business conditions, not about the stock market. I don't know that there is any dependable opinion in Washington about the stock market. Certainly there is no enthusiasm about its course in the immediate future.

The bond market ought to show a little more strength in the next few months. At least, all Washington policies

are headed toward sustaining and improving bonds, for various and sundry reasons which you already know.

To give you the complete picture of Washington opinion, I ought to report that there is a minority school of thought which is still pessimistic. Some men feel that the low of the depression is due around mid-year. They think it will take until then to accomplish the necessary deflation, liquidation, or adjustment. The men holding these views are keen and intellectually honest. They are not mere sentimental pessimists. There is less of this brand of thought in Washington just now than among the experts and advisers of the Wall Street district.

Business Sentiment I HAD the privilege recently of reading about 1,800 confidential letters sent to me by business men all over the country, in all lines, giving their first-hand observations on business conditions and other matters. The writers injected a hopeful and constructive note, and most seemed to think that in their own day-to-day businesses they would have nothing worse in the next few months than in the past. Very few reported definite signs of improvement, except that confidence and feeling had improved a little since the dark days of January. They were not cheerful, but they were not as blue as they had been. Letters received early in March were of better tone than those received shortly after the middle of February.

This cross-section of business men's opinion does not prove anything about the future, but it suggests that the practical executives of business enterprises are generally expecting a low level of business in the next five or six months, though not a lower level.

Credit Policy YOU have heard that business revival depends largely on Federal Reserve and Reconstruction Finance Corporation credit policies. I think this is an exaggeration. These government credit policies are highly important, but the tendency has been to ballyhoo them too much from Washington. Fortunately, the public has been level-headed and has not pinned its hopes unduly on government credit, government loans, and credit expansion.

The Federal Reserve System is easing credit, cheapening it cautiously, making a little larger volume. This is loosely called "inflation." It is generally in the direction of inflation, but the officials and the government technicians continue to object strenuously to the term. They call it "expansion." One of the major objects is to put up bond prices moderately, partly to save banks and other financial institutions; partly to get the market to such levels as to make possible (if possible) the later floating of some new long-term government securities; partly to encourage private bond issues, to start new business ventures, to help employment. Since this is the intention, it is a cue to the prospects.

Another object is to free gold for export or possibly for currency expansion. A good many men in-the-know think that the pull on American gold from France and

other European countries will not last long. In fact, it is believed that France may be more and more on the defensive as to gold.

From week to week there is less speculation on the prospect that the United States will be forced off the gold standard. It probably will not happen.

One of the things we ought to understand is that credit expansion or credit easing is slow-acting. It takes weeks or months for the policy to work its way down and to make banks loosen up materially on their loans to customers. Failure to recognize this sufficiently in advance caused some misgivings early in March as to the effectiveness of the governmental credit policies. By the middle of April, there should be some rather definite evidence of easier bank loans.

Reconstruction Loans THE Reconstruction Finance Corporation has a mean job.

The management does not know the future value of assets offered as collateral for loans, yet must assume the responsibility for appraising them. It is assuming that bonds, for example, will be salable three years hence at more than present prices, and is making loans on this assumption.

Most of the loans probably will be repaid. Some will not. This is the risk which the Government is taking with the money of all of us, for the sake of tiding business over. The theory is that if the Government incurs losses, they will be "worth the money" for the good the government loans do in braking the final stages of the slide, in letting further liquidation be orderly.

Undoubtedly Reconstruction loans have been of great aid already in preventing many wholly unnecessary bank failures. Undoubtedly, they cannot stop failures of some relatively small banks.

Railroad Loans IT SEEMS fairly clear that liberal lending policies of the Reconstruction Corporation, working with the Railroad Credit Corporation, will prevent any big railroad receiverships during the first half of the year. The situation in the last half is not so clear. Traffic has declined more than was expected, and this reduces the funds available to the Railroad Credit Corporation, in which are pooled the revenues from the rate surcharges.

The Interstate Commerce Commission, which must pass on all Reconstruction loans to railroads, is chafing a bit under the responsibility of deciding what constitutes adequate security for loans. Some of the applicants do not have what would ordinarily be considered adequate security.

Before the year is up, there probably will be renewed pressure for consolidation as one way out of the financial predicament of some roads.

Prospects have improved for enactment of new legislation which would repeal the recapture provisions of the Transportation Act, and thereby lift from railroads the theoretical obligation to pay to the Government hundreds of millions of dollars of excess earnings of past years which they do not now have. Bus regulation is barely possible at this session; truck regulation is improbable.

Government Budget I DOUBT whether the government budget will be fully balanced for the next fiscal year, starting July 1, 1932, ending June 30, 1933, even with the big tax increase. The

important point is to make progress toward a balanced budget, and this we are doing. (Tell Mrs. _____ her Liberty Bonds are still good.)

Government Economy CURRENT moves to cut down government expenses

make good newspaper headlines, but as yet they do not give much promise of actual reduction of expenses by any substantial amount, such as hundreds of millions.

It seems improbable that government salaries will be cut by any flat percentage, applicable to all. (One reason is that members of Congress would have to start with their own salaries.) Cuts here and there, such as in the salaries of members of the Farm Board, are trivial in the aggregate, and are prompted by hostility to the basic laws administered by the officials rather than by consideration of the services of the officials themselves.

The President proposed a scheme for reorganizing the Government. I think it was a good scheme, even if it did create a few additional jobs for assistant secretaries of departments. The only way the government service will ever be reorganized is by enlisting vigorous executives at the top who will dig into their departments and reform them. It is a good deal to expect even this, under our bureaucratic system, but it can be done.

The Democrats in Congress threw the President's plan into the discard, and proceeded with a plan of their own. This is a sly joke which the Democrats unwittingly perpetrated on themselves. For political reasons, they had to have a plan of their own; they could not follow the plan of a Republican President. They will find within the next couple of months that they have been hugging a hornet's nest. They will want to make cuts in bureaus which are pets of organized business and other groups. They will step on more sore toes than they knew existed.

The Democrats could have played smarter politics by acquiescing in the President's scheme, passing the buck on the dirty job, and holding him responsible. He could not succeed well, and the Democrats could jeer.

Probably no government functions will be abolished and few will be curtailed materially this year. This may be sad news, but it is essentially accurate news.

The truth continues to be that the really big expenditures of the Government—for public debt, for veterans and for Army and Navy—are more or less immune to drastic curtailment at this stage of government economy.

I don't see much prospect of combination of the War and Navy Departments.

The Bureau of Foreign and Domestic Commerce has become a pet peeve of certain interests which think the Bureau is engaged in many unnecessary service activities. I know this Bureau intimately. I think I know where it could be trimmed to advantage. But I know of no division, section or sub-section which does not have a host of defenders in the ranks of trade groups, and these groups will howl if serious trimming starts.

Incidentally, it ought to be said that the recent move of the Department of Commerce into its grand, new eight-acre stone mausoleum has made the Department a special target for criticism. The building looks imposing, but it costs money which the public feels it can't afford. It is supposed to contribute to government efficiency, but this is doubtful, for the architects were artists of the exterior rather than engineers of the working interior. The rooms are barn lofts, full of the roar of conversation and office clatter. Noise and confusion cut working efficiency. The building will prove a monu-

ment to government blundering in the realm of human engineering.

Sacred Cows THERE are plenty of ways of reorganizing the Government and cutting expenses, but the organized opposition to each detail is tremendous. For example, think of the fuss if we were to try to (a) reorganize the rural mail service in the interest of economy and efficiency; (b) combine the Army and Navy; (c) cut out the subsidies to shipping; (d) stop state aid for roads or for agricultural education; (e) abolish the Bureau of Mines, or Geological Survey; (f) abolish the Bureau of Standards; (g) abolish the Women's Bureau, or Children's Bureau; (h) run the Veterans Bureau on principles of technical efficiency, and fire the deserving veterans who are employed; (i) quit building battleships; (j) abolish the Federal Trade Commission, with all its trade practice conference stuff; (k) cut out mileage for members of Congress; (l) cancel appropriations for the Chicago World's Fair; (m) abandon river dredging and let railroads carry the traffic; (n) suspend loans to the banks; and so on through two alphabets.

Our Government is dominated by politics—regional politics, sectional politics, group politics, trade politics, conservative-vs-liberal politics, and, incidentally, party politics. Government policies are not determined by logic, or clean efficiency, or clear merit. You must accept these limitations as unavoidable and inevitable in our system of government. Only a dictator could get around them, and we are not willing to accept a dictator.

Taxes TAX increase is the biggest cloud on the Washington horizon. To balance the budget, we ought to raise taxes by at least \$1,500,000,000 a year. (The Treasury says \$1,400,000,000, but the Treasury does not figure on certain new expenses which I think Congress will incur later in this session.) I doubt whether Congress will actually increase taxes by more than \$1,200,000,000.

The big free-for-all tax fight will come in the Senate in late April and early May. The House tax bill is a machine-made measure. The Senate will tear it to pieces and put it together again, with much vote trading, log-rolling and jockeying.

Many people don't like the sales tax, as a matter of principle. But there is no effective opposition to it, simply because it is the only way of raising the money in times when income taxes go dry. In the Senate will come some sort of swing of sentiment back to sales tax on a few commodities of universal sale, such as sugar, coffee, gasoline, rubber and tobacco. These would be easy to collect. The trouble is that, regardless of fiscal merit, political opposition is focused when taxes are focused, and the legislative tendency is to spread the opposition thin by spreading the tax thin over a wide range.

Tax Load ONE of the principal complaints from business interests is that the total burden of local, state and federal taxes is excessive. This is essentially a complaint against past extravagance, and against bonded debt incurred in the past. There is very little to do now except either to buckle down and pay the taxes or repudiate the debts, for the largest single item in all governmental expenditures is on account of interest and sinking fund requirements for past capital expenditures.

The saving to be effected at this late date by curtailing

ment of governmental activities may be considerable, but it is relatively little in comparison with the debt expenses. When you pay your local taxes this year, you are paying largely for schools and streets and other public improvements. When you pay your federal taxes, you are paying mainly for war. (This is not the complete truth, but it is an important portion often overlooked.)

Tariff NOTHING important will be done at the present session to change either rates or tariff principles.

Banking ALONG about May, or perhaps as late as June, Congress will pass the Glass banking reform bill. Many of the restrictive features now included in the bill will be eliminated, but still it will be generally a measure providing stricter regulation of banks and banking. Considering the public feeling against bank management, it is inevitable that we now have laws intended to prevent recurrence of some of the bad practices of the past.

Not much progress can be made this year toward a unified banking system for the entire country, toward abolishing the distinctions between the one federal and 48 state systems, although this is rapidly coming to be considered the *sine qua non* of permanent reform of the banking machinery.

Government guarantee or "insurance" of bank deposits is getting to be a subject of genuine interest. The plan is to take a small sum from each bank to create a national fund with which to meet any losses incurred by depositors. Actual losses to depositors throughout the years have been relatively small.

Home Loans LATE-SESSION enactment is expected for the Home Loan Bank bill, by which 12 government-capitalized banks would be created to discount mortgage loans for building and loan associations, banks, mortgage companies, insurance companies, etc. (These government banks will not lend direct to home owners.) The early drafts of the bill favored building and loan associations, but when finally enacted it will be modified to come closer to meeting the wishes of banks, insurance companies, and mortgage loan companies.

Short Selling DURING the past month or two there has been quite a growth of feeling in Washington that it is necessary to establish some new laws prohibiting "conspiracy" among traders either to bull or to bear the market. The main objection is not to short selling by the individual operator. It is the combination or pool which is considered improper, un-economic, anti-social. The purpose behind the movement to regulate short selling in both security and commodity markets is much the same as that behind the anti-trust laws, to prevent combinations in restraint of trade.

The difficulty lies in working out methods of government regulation which will prevent abuses without seriously hurting the exchange functions.

Regulation THERE is a general rule by which you can determine for yourself what Congress will do on certain issues, without necessarily having detailed, specific or close-range information on what is in the minds of the legislators.

Whenever abuses arise in any line of trade or indus-

try, and when these abuses are not cured from within, there arises popular demand for legislative correction. Sooner or later the rule applies.

It is always true that the interests directly affected protest, saying the proposed legislation remedies will turn things topsy-turvy. It always develops that it does not work out so badly as feared.

Witness railroads and the Interstate Commerce Commission act; trusts and the Sherman, Clayton and Federal Trade Commission acts.

Now on the griddle are banks, security affiliates of banks, stock exchanges, commodity exchanges, railroad holding companies, utility holding companies, and others. If they cannot remedy what the public considers abuses, they will be subjected to government regulation. It may be that they are misjudged, that the public is misinformed. The public may be clumsy, but in the long run it is usually nearer right than any special group.

State Socialism IT OUGHT to be said that many measures of state socialism have been adopted one at a time, not from any urge or principle, but merely for reasons of temporary or immediate expediency, because private enterprise fails to function properly. This is the reason for the postal savings system, for the Reconstruction Finance Corporation, for public roads as successors of private toll roads, for the Federal Reserve System which is semi-socialistic. This provides the push behind the current proposals for Home Loan Banks, government guarantee of bank deposits, expansion of the postal savings limit, and other measures.

I am not arguing for state socialism. I am merely pointing out the reasons behind socialistic tendencies in our essentially conservative system.

Anti-trust YOU asked about the prospects for anti-trust law revision. In a general way, the chances are not especially good. The truth is that there is more interest in Congress in preventing price-fixing than there is in liberalizing the anti-trust laws. All sorts of schemes are put up to Congress. Most seem to have as their goals the fixing of prices by agreement. This is the implication in many plans for price "stabilization."

I am inclined to expect only one thing—the legalization of the trade practice conference procedure under the Federal Trade Commission. This is a way of passing the buck to the Commission (plus the courts) to work out codes of fair and unfair trade practices. It will take several years for public and congressional thinking to produce any real liberalization of the anti-trust laws, and progress in this direction will be tied up with progress on economic planning by trade groups.

You should keep in mind, however, that there is a push for modification of anti-trust laws to permit the so-called resource industries (coal, oil, lumber, etc.) to take concerted action in holding production more in line with demand during periods of economic distress. It is possible that some measure along this line can be enacted in the next few months.

Prohibition THERE'S no need of your watching Congress or the President on prohibition, for nothing startling is about to happen from either quarter. Watch the two party conventions in June. The Democrats probably will adopt a wettish plank declaring for some kind of resubmission, but hedged to catch the dry vote. The Republicans probably will adopt some

sort of dry-sounding plank, pledging referendum to catch the wet vote. Both parties are bound to straddle. Wets will split between the two parties, and so will the drys. Presidential candidates, including Hoover, will go along with their respective party declarations.

Twice a week there are waves of rumors of alleged inside information on imminent changes in prohibition. Twice a week there is nothing to the rumors. Remember this when the next wave hits you.

Relief I THINK some sort of big-looking, but small-spending, unemployment relief bill will have to be put through Congress before adjournment, for reasons of political expediency.

Agriculture THERE will be no material change in the Agricultural Marketing Act, either by repeal of existing provisions or by the addition of new features.

Personalities YOU asked about my list of Washington's 15 most influential men. The list was formed in this way:

Some of us were discussing what men in Washington had great influence, either aboveboard or under cover. The discussion at first was frivolous but later became serious. I made up my list. It was circulated privately and caused a lot of talk. No one agreed with it, and everyone tried to make a better list.

Here is my list, with a couple of revisions to provide for Mellon (departed) and Dawes (arrived):

Hoover, Garner, Mills, Green of Labor, Wilbur of Interior (under-cover with President), Castle-and-Stimson (one), Lamont (Secretary, not Banker), Meyer, Dawes, McNary, Borah, Norris (going down), LaFollette (coming up), Michelson as the Democratic publicity and tactical brains, Taylor as the Veterans' lobbyist. Hughes and other jurists are "exempted" from consideration.

Politics HOOVER'S renomination is assured, of course.

On the Democratic side, Roosevelt is leading, and there are no adequate grounds for predicting he will not be nominated, despite the fact that a lot of people say he will fail. I am disposed to put Garner second in the list of possibilities. I would put Baker third, Smith fourth and Ritchie fifth.

There seems to be no doubt that Hoover is getting politically stronger. His standing is better in the East than a few months ago, but not much better in the agricultural West. No one is in position to be sure about his chances for reelection, because they depend so much on how business works out. If business picks up, he is likely to be reelected. If it doesn't, he still will have a fighting chance.

Much of the partisan fighting in Congress between now and June will be stage fury. There isn't a first-class issue between the parties now and none will develop. Both are about equally conservative and equally liberal.

If you can't be bothered watching the whole show of Washington politics, watch the Garner act.

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Two Reports that Rang the Bell

● Last month we reported the tax program drawn up by two National Chamber committees. The program has won wide endorsement, as these editorial comments show

A YEAR ago two groups including some of the country's ablest business men began quietly working. They met frequently. Officially they were known as the Committee on Taxation and the Committee on Federal Expenditures. These groups were brought into being as part of the program of the Chamber of Commerce of the United States for facilitating the return of better economic conditions.

The results of their researches were submitted to the public recently. A summary of their practical conclusions, which amounts to a complete fiscal policy, was printed in NATION'S BUSINESS last month under the title "Business Points the Way to Lower Government Expense."

Working independently, the committees arrived at the same decision—that our Government must live within its means. Both groups, which, incidentally, were contributing their time, ability, and services for the welfare of all business, advocated rigid economy as governmental watchwords. Much newspaper space was given to the details of each report.

Approval in town and country

THE excerpts quoted here are typical of editorial comment throughout the country. Country weeklies joined with metropolitan dailies in expressing satisfaction over this work of the National Chamber. These editors apparently digested thoroughly the detailed reports submitted by the two Chamber Committees.¹

In the early days of the existence of the National Chamber there were those who expressed fears that such an agency in Washington could be used to foster special and partisan interests. Its work-

¹Any one desiring copies of these reports can obtain them without cost by writing the editor of NATION'S BUSINESS.



ings since that time have dispelled such fears. True, the Chamber does present the reasoned judgments of business to the Congress, but these editorials indicate the general case, that along with the Chamber viewpoints goes aroused public opinion.

Encouraging economy work

"I WAS thinking of resigning my membership in the Chamber of Commerce of the United States," wrote a Philadelphia manufacturer, "but when I read of the present tax program, I decided that I did not want to be a 'free rider.' It is easy to be a 'hitch-hiker' and let the other fellow pay for the gas, but it's not playing the game. Conditions are—well, let's not talk about that. Here's my check, and more power to you in your good work." Equally encouraging sentiments are being received from business men everywhere.

A few of the editorial comments follow:

CAMDEN (Ark.) NEWS

THE U. S. Chamber of Commerce, which covers the nation, has . . . demanded that about \$500,000,000 annually be trimmed from government expenses. The demand is no doubt reasonable and the government could be operated just as easily and efficiently on a much less outlay of money.

WATERBURY (Conn.) DEMOCRAT

WE recommended . . . that . . . emphasis should be placed on lowering the present cost of government. We are glad to see that the United States Chamber of Commerce recommends the same step.

WILMINGTON (Del.) NEWS

CONGRESS . . . must face the . . . facts sooner or later. Even with energetic economies federal taxes must jump up. As indicating resentment, the President of the United States Chamber of Commerce urges immediate and drastic lowering of taxes and public expenditures.

ALBANY (Ga.) HERALD

ACCORDING to Felix M. McWhirter, Chairman of the committee on state and local taxation and expenditures, Chamber of Commerce of the United States,

three trends stand out in today's tax picture. One is, that free public spending is nearing the rope's end . . . The second trend is, that the plain, sure remedy for confiscatory taxes—spending less money—is commencing to be applied . . . The third trend is the growing part played by business organizations . . . building informed public opinion to support courageous action in public office.

CHICAGO (III.) TRIBUNE

THE Chamber of Commerce of the United States is submitting to its members . . . a program of federal taxes and expenditures . . . It is a program which, it may safely be assumed, will meet with almost unanimous support from business men . . .

OTTAWA (III.) REPUBLICAN

. . . The Chamber of Commerce of the United States demands a drastic retrenchment of government expenses . . . This body declares that the gap between expenditures of the nation and the nation's revenue is entirely too wide; that it must be closed, not by increasing taxes but by curtailing expenditures.

PEORIA (III.) TRANSCRIPT

. . . If the Chamber of Commerce of the United States desires to cut governmental expenditures, it will attack paternalism at its source . . .

INDIANAPOLIS (Ind.) NEWS

THE United States Chamber of Commerce has joined . . . in opposing features of the tax measure . . . Business protests are wholesome and valuable expressions of interested opinion. They will force the House to be careful in framing the revenue bills . . .

SOUTH BEND (Ind.) TRIBUNE

AMERICAN business, speaking through the Chamber of Commerce of the United States, devises and publishes a federal government reform program which must be adopted if disaster is to be avoided . . . The Chamber of Commerce sets a good example by promising not to clamor for government assistance except in the gravest emergencies.

SIOUX CITY (Iowa) JOURNAL

THE only thing to be criticized in the Chamber's demand for a slash of half a billion dollars in governmental expenditures is that it would not be enough.

FALL RIVER (Mass.) HERALD-NEWS

THE National Chamber of Commerce has called upon the federal government to cut its expenses before it goes so blithely about raising taxes.

CUMBERLAND (Md.) NEWS

PRESIDENT Hoover insisted upon reducing the budget estimates for the governmental departments . . . This is the attitude of the Chamber of Commerce of the United States as expressed through . . . a special committee . . . The government has undertaken to do too much. Paternalism has been growing gradually until it has assumed gigantic proportions.

MUSKEGON (Mich.) CHRONICLE

THE Chamber of Commerce of the United States . . . has just completed a survey . . . with a view to suggesting changes that will reduce government expenditures . . . If the Chamber is ready . . . to get down to the hard task of creating the enormous pressure of public sentiment that would be required to force such a program at Washington, it will have done a bigger thing than anything it has ever accomplished yet.

ST. PAUL (Minn.) PIONEER PRESS

CHANGING sentiment is especially notable in the report of a special committee of the United States Chamber of Commerce . . . Before large tax increases are imposed, there should be sincere efforts materially to cut down government spending to conform with reduced incomes of the people, and this principle should run from the smallest local unit of government through city, county and state to Federal Government.

LINCOLN (Neb.) JOURNAL

NOT within the memory of existing generations has public opinion upon the matter of taxation been so strongly expressed as within the last year . . . Organized business, as represented in the United States Chamber of Commerce is preparing to head up a vigorous movement toward governmental economies with Congress as the target for pressure.

PERTH AMBOY (N. J.) NEWS

WASHINGTON must face the facts. A committee of the United States Chamber of Commerce has announced, after a survey, that the country cannot support a tax program adequate to balance the badly unbalanced budget, which leaves only one alternative. Deflation in government costs must come this year.

BUFFALO (N. Y.) NEWS

NEW demands as to the possibilities of economy have been made to the national government by . . . the Chamber of Commerce of the United States . . . The opinion long prevailed in officialdom that people wanted appropriations and were indifferent to taxation. So far as that attitude ever existed, it is being reversed rapidly.

NEW YORK (N. Y.) TIMES

UNLIKE most other appeals for economy at Washington, the report prepared by a special committee of the Chamber of Commerce of the United States offers specific suggestions . . . The committee probably does not believe that the present budget will be reduced by \$500,000,000. It would presumably be content with less. But in the attitude displayed thus far by Congress it should find reason for encouragement.

FARGO (N. D.) FORUM

THE United States Chamber of Commerce has a survey committee checking up on the Governmental establishment . . . and makes specific suggestions as to reforms . . . These suggestions are challenges from an aroused electorate. Never has the American taxpayer been so keenly insistent that government—federal, state and local—be placed on a

business basis, and on a plane which will insure against tax confiscation.

AKRON (Ohio) BEACON JOURNAL

. . . Government will have to listen to such powerful organizations as the National Chamber of Commerce when they demand reduction of public service costs.

CEDARVILLE (Ohio) HERALD

THE United States Chamber of Commerce has taken a definite stand in regard to federal government expenditures. The Chamber is supported by the large and small manufacturers and financial institutions in the country. It yields a wonderful power when set in motion.

PHILADELPHIA (Pa.) INQUIRER

KEEPING down the appropriations is a duty which Congress may not shirk . . . The Speaker of the House has protested against needless expenditures, and the Chamber of Commerce of the United States had added its voice to the appeal.

PHILADELPHIA (Pa.) PUBLIC LEDGER

A COMMITTEE of the United States Chamber of Commerce has just issued a warning that no tax program, however extensive, can support the Federal Government in continuing the high level of expenditure to which it became accustomed in the years of inflated prosperity and large Treasury surpluses.

MILWAUKEE (Wis.) SENTINEL

THE board of directors of the United States Chamber of Commerce adds its voice to the growing clamor for government retrenchment. What the board proposes is very sensible . . . It says, let the cost of government be cut. The logic is invulnerable . . . The weight of business opinion conceivably would impress Congress.

OSHKOSH (Wis.) DAILY NORTHWESTERN

THE leading business men of the United States will participate in this movement for checking extravagance and waste that have grown to scandalous proportions.

BUFFALO (N. Y.) COURIER-EXPRESS

THERE has been placed before Congress a new objective. It contemplates not the spending but the saving of money . . . The taxation committee of the Chamber of Commerce of the United States . . . calls for the cutting of half a billion dollars from the government's proposed expenditures.

ST. MARYS (Ohio) LEADER

THE United States Chamber of Commerce . . . demands that the Federal Government retire from paternalistic activities and curtail the federal expenditures to the amount of \$500,000,000. . .

ERIE (Pa.) DISPATCH-HERALD

THE United States Chamber of Commerce, an organization that keeps in close touch with the country's pulse, has just issued a warning that no tax program can support the government in continuing a high level of expenditure to which it became accustomed in years of inflated prosperity. . .

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No Business Can Escape Change

★ **INDUSTRY** may have slowed its production, business its pace. But there is no slackening of interest among business men in new and useful products and processes—a fact which is evidenced by the 359 readers who wrote us last month about articles on this page.

A NEW device for cash registers or money drawers looses tear gas when bandits reach for the cash. Similar treatment is given intruders by a new lock for doors, windows. . . .

GARTERLESS hose, clothing which cannot lose shape and yet gives an easy stretch in every direction, many other uses are envisaged for a new elastic yarn. . . .

WOODEN soles, made flexible by hinging, distinguish new heat-proof sandals for use while working on hot surfaces. . . .

SAND is screened, blended, aerated and thrown by a new portable, light-weight machine for the foundry. . . .

RAINS sometimes force potato crops to be "mucked" out of the mud. A new power washing machine salvages such crops, washing and drying 2,000 sacks a day. . . .

COFFEE, cocoa beans, nuts or cereals are roasted electrically by a new machine. Any temperature desired can be maintained, samples can be taken while roasting is in progress. . . .

DOUGHNUT merchandising is given a new twist by a bag with separate sections for doughnuts and sugar. . . .

A NEW waterproof, comparatively cheap, corrugated fiber board storage and shipping container for meat and other products has been developed for use in coolers, freezers. . . .

MATERIALS in transit on conveyor belts are weighed and count of tonnage kept by a new automatic scale employing a photo-electric cell. A time chart records belt loadings. . . .

A NEW tank car for hydrogen peroxide shipments is made of a special aluminum. First shipment saved \$900 over the old method of transportation in hundred-pound glass bottles. . . .

METAL sponges have been perfected for cleaning tinned, coppered or stainless steel surfaces without scratching. . . .

A SCREEN door by summer, a glassed storm door by winter is provided in a combination all-season, rattle-proof door. . . .

A NEW type of double-hung, weather-tight window and frame has no weights, cords or pulleys, is especially adapted for narrow trim, and is easily operated. . . .

A NEW steam radiator valve can be packed while the system is under pressure or vacuum, won't jam in open position. . . .

IN A new protected metal, felted materials are cemented to steel with heat and pressure, utilizing metals as adhesives. Saturants to meet the corrosive conditions to which the metal is to be exposed are then applied. . . .

A NEW cellulose fiber product is finding use as a superior oil and acid absorbent, a greenhouse mulch, a fur-cleaning compound. It is also being tested as a polishing agent. . . .

A NEW aluminum coating for metal has synthetic resin for a vehicle, contains no natural oils, vegetable acids or gums. It is said to be unaffected by common acids or alkalis. . . .

CLOSE control of frequency of current interruption in line welding and speed of up to 1,800 interruptions a minute are possible with a new thyratron tube timing control. . . .

TIMBER can be felled and bucked by a new two-man portable power saw. Driven by a small gasoline engine, the unit weighs 73 pounds complete. . . .

A NEW bituminous paving machine lays 11 to 16 feet of road a minute, completes a mile of surfacing in a ten-hour day. It mixes, lays, spreads and tamps in one operation. . . .

TWO new types of low-cost, skidproof, road-mix surfaces for country roads have been announced. Surfacing material is spread and compacted while cold. . . .

A NEW portable machine tamps the earth under concrete street construction forms, oils their inside faces. Set going along the forms, it runs till stopped. . . .

A NEW switch, easily attached to the telephone, silences the radio when you lift the receiver to talk, turns it on again when the receiver is replaced. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on items of interest in connection with your own business can be had by writing us.



Borrowing

**\$300,000,000
a Month!**

AT THE end of January this year the Government faced the task of borrowing at least \$1,500,000,000 by June 30, 1932. That's \$300,000,000 a month of new debt, a rate never before reached by the United States except in two years of the World War. The total borrowings for the fiscal year may reach at least \$2,100,000,000.

And the interest even at three per cent on \$2,100,000,000 is \$63,000,000 which must be added to the tax bill.

What brings this about?

Receipts from existing taxes for this year will be about \$2,242,000,000 and expenses already budgeted are \$4,482,000,000. That makes a deficit of \$2,240,000,000.

Can this income be increased by June 30? Not much, if any. There is no prospect that taxes on incomes of 1931 will be made retroactive. Added excise taxes provided by the new revenue bill now under discussion may not produce \$100,000,000 before June 30 next.

Little saving in expenses

WILL expenditures be increased? Possibly. The \$4,482,000,000 just put on the outgo side of the ledger for 1932 is not final. It may be cut \$100,000,000. It is almost certain to include allowances for new appropriations for this year such as for the Reconstruction Finance Corporation and the Federal Land Banks.

There is, however, in the budgetary expenses an item of \$412,000,000 for

statutory debt retirement which means that to this extent new debt would be avoided in the borrowings. That would leave \$1,728,000,000 new debt which might be further reduced if we got the \$100,000,000 new taxes just referred to. But since further spending for reconstruction work is likely, we can assume that the net deficit in the present fiscal year which must be met by new borrowing will be well in excess of \$1,700,000 and will probably reach \$2,100,000.

The Treasury had borrowed by December 15 some \$600,000,000. In January, Secretary Mellon said he thought that further new indebtedness in this fiscal year might reach \$1,500,000,000 but, he hoped, would not go beyond that figure. To match that total of \$2,100,000,000 we must go back to the fiscal years of '18 and '19, when we were sending millions of men abroad and buying supplies by the billion.

The fiscal year 1933

HAVING then borrowed more than \$2,000,000,000 to pay its bills up to

June 30, 1932, how does the Treasury face the next 12 months? The best estimate of receipts from the taxes now existing is \$2,375,000,000 while budgeted expenses are \$4,113,000,000. There's a deficit of \$1,738,000,000. That \$4,113,000,000 may be somewhat reduced. There are indicated savings of \$118,000,000.

On the other hand there are expenses not in the budget for such work as that of the Reconstruction Corporation. There is pressure on Congress for all sorts of spending—unemployment relief, public works and a dozen other items. They are certain to exceed any \$118,000,000 saving.

But how does the Treasury propose to meet a deficit of \$1,738,000,000? In three ways:

By increased and new taxes	\$1,123,000,000
By reborrowing money set aside for debt retirement	497,000,000
By cutting the budget	118,000,000

\$1,738,000,000

That doesn't take into account that new and increased taxes may not yield (Continued on page 31)

Where Shall We Put the New Taxes?

LET US begin this discussion by accepting one truth as incontrovertible:

"Federal taxes are going to be higher."

Reasons for this are explained on the preceding page of this magazine. They do not concern us here. Our only interest is to find the answers to two questions:

"Who is going to pay these higher taxes?"

"And in what way?"

The first may be answered with one word—"You,"—because (except perhaps individual income and inheritance levies) all taxes reach eventually into the pocketbooks of the people.

The answer to the second is more difficult. It is the reason for the hearings of the House Ways and Means Committee, for reams of testimony, for briefs by experts, for sleepless nights of Treasury officials and long debates in the national Congress. The men whose duty it is to collect the national revenues understand that no one likes to pay taxes. They can only hope to make the payments as painless as possible.

Faced with the duty of increasing the Government's income, they have kept certain considerations in mind. They have sought taxes that would affect as many people as might be, as lightly as possible. They have sought taxes that would generally fall on those most able to pay, that could be collected with the simplest and most inexpensive machinery, that would handicap the industries affected as little as possible, that would, briefly, be fair and yet remunerative.

The search for such taxes has brought out a great many proposals. Each proposal has brought out a great many objections. What we shall do here is study these proposals, to see why they have been brought forward and why they are opposed. This will not be a learned or technical treatise. It will merely attempt to enumerate the suggestions made and outline the case for and the case against, to the end that the reader—when the tax bill is finally drawn—may have a clearer idea of why certain levies were included and certain others omitted.

It is fair to state, in the beginning, that, in this summary, the case against

★ ON THE preceding page is an explanation of why federal taxes must be higher. On this and succeeding pages, we take up the proposed new levies, explaining why each is suggested and why opposed. On the strength of the arguments for and against depends, to a great extent, where the new taxes will fall and how heavily

is frequently stronger than the case for. There are two reasons for that. In the first place, it is much easier to oppose a tax than to support it. In the second, the opponents are generally more vocal than the supporters.

The Sales Tax

THE PROPOSAL is for a selective sales tax covering a wide range of manufactured articles. It is one of the most sweeping imposts ever recommended to Congress. It proposes a tax on practically every manufactured article except food, farm products, fertilizer, newspapers, periodicals, and certain necessities, such as medicines.

The tax would be collected from the manufacturer who makes, completes, or assembles an article for the immediate use of the consumer. In the case, for instance, of a lead pencil, the tax would be placed on the completed pencil rather than on the wood, lead, metal and rubber (all completed products) which are used in its manufacture. Early estimates placed the amount of revenue to be derived from this measure as high as \$625,000,000. Exemptions agreed upon by the House sub-committee, however, have reduced this figure to around \$550,000,000. The rate, originally set at two per cent, has been revised to 2.25 per cent.

THE CASE FOR: Since it would apply equally to all manufacturers, it gives no one a competitive advantage. Since it is paid by consumers, it has the widest possible base and since the rich buy more than the poor, its greatest weight will be borne by those with greatest ability to pay. Success of the Canadian sales tax indicates that such a levy can be administered with comparative ease.

THE CASE AGAINST: The tax would require new and complicated administrative machinery. It would be an impediment to business at a most inopportune time. It is diffi-

cult to define just where the tax is applicable. There is great danger of the tax pyramiding on successive sales. It adds the expense of tax collection to the costs of the manufacturer. Force of competition may compel the manufacturer to absorb the tax. It would increase the cost of living.

Excise Taxes

PROPOSALS have been made to place excise taxes on automobiles, domestic consumption of electricity and gas, gasoline, amusements, radios, and telephones. The excise tax already on tobacco would be raised. We will take up each of these proposals separately but, in passing, we may as well observe that many persons who argued against excise taxes expressed themselves as not opposing a sales tax of broad application.

Tax on Automobiles

A tax is suggested on manufacturers' sales of automobiles, trucks and accessories, the rates proposed being five per cent on passenger cars, three per cent on trucks and 2.5 per cent on accessories. Taxes on airplanes and motor boats have also been mentioned.

THE CASE FOR: The tax is easy to administer, can be imposed at a very low rate, rests on a very broad base and therefore imposes no particular hardship to anyone. A man who buys an automobile has some taxpaying ability. Auto owners should contribute to Federal Government in repayment for federal highway funds.

THE CASE AGAINST: The auto owner already contributes heavily to the states through gasoline taxes and license fees. More cars are sold to people having \$1,400 incomes than to people having incomes of \$6,500. A tax on passenger cars will increase prices and therefore reduce sales, delaying recovery and possibly increasing unemployment. The tax on motor trucks is really an occupational tax for truck operators. The tax on accessories is really a tax on misfortune. Loss of life and property will result because old automobiles will be

kept in service long after they may be operated safely.

Tax on Public Utilities

The proposal is for a seven per cent tax on domestic consumption of electricity and of manufactured gas. It is estimated that such a tax would bring in \$94,000,000 of new revenue.

THE CASE FOR: The tax is easy to administer. It is a tax on consumption. It is very widespread. The amount any individual pays will be small.

THE CASE AGAINST: Only 49 per cent of the equipment used by American industry is operated by purchased power. These industries must pay the tax and will be at a disadvantage in competition with industries operating their own power plants. This will prevent growth of the industry and may even cause some customers to build their own power plants. Use of gas and electricity in the home will be reduced, causing further loss of business not only to utilities but to companies manufacturing gas and electric appliances.

Tobacco Tax

It is proposed to increase present rates on tobacco manufactures, except cigars, one-sixth. That would mean, roughly, a tax of seven cents on a 15 cent package of cigarettes. It is estimated this would mean \$58,000,000 of new revenue.

THE CASE FOR: Machinery for administration and collection is already available, the Government having 140 years experience in taxing tobacco. The fact that, when rates were raised in 1919, consumption was not adversely affected indicates that a higher tax would assuredly bring more money. Tobacco is a luxury item, the taxing of which invades no consumer's standard of living. It is easily collected from comparatively few sources. Additional revenue would be almost immediately available.

THE CASE AGAINST: The Government already takes as taxes 80 per cent of the profits of the tobacco industry. Consumption is falling off now, higher taxes will lead to a larger decrease which will hit, not only manufacturers, but producers. Tobacco farmers are the only branch of agriculture whose product is taxed. Tobacco is not a luxury but a solace.

Gasoline Tax

A federal tax of one cent a gallon is proposed on all sales of gasoline. Such a levy would bring in an estimated \$165,000,000.

THE CASE FOR: The tax is easy to collect from comparatively few sources. It would have a wide base. It is a tax on consumption and hits those most able to pay. Federal highway contributions justify the Government in taxing motorists for use of these roads.

THE CASE AGAINST: A federal tax on gasoline would be an invasion of a field which the states have regarded as their own. Many states already have heavy taxes on gasoline sales. An increased levy would reduce consumption.

Taxes on Amusements

The proposal is to let the present rate of 10 per cent stand but to reduce the exemption to 10 cents. Additional revenue is estimated at \$110,000,000.

THE CASE FOR: The tax is easily administered and the machinery is already available. Admissions are a luxury item. The amount of revenue is large in comparison with the burden imposed on any one taxpayer.

THE CASE AGAINST: Theater patronage has already fallen off to a point where anything that reduces it further will be fatal to many houses, especially those in small towns. An exemption as low as 10 cents puts a serious charge on those least able to pay. The theater is not a luxury but a valuable aid in keeping up national morale in difficult times.

Tax on Radio

A tax of five per cent has been proposed on manufacturers' sales of radio and phonograph equipment. A tax of 25 per cent on gross income of all broadcasting companies has also been urged.

THE CASE FOR: The radio may be classed as a luxury. It is an industry whose existence depends on use of the public domain and it should, therefore, properly pay a tax.

THE CASE AGAINST: The radio is no longer a luxury but a necessity. The industry itself cannot afford to pay the tax and, if it attempts to pass it on to consumers, sales will decrease, thus adding to unemployment in the industry and delaying business recovery. The tax would produce little revenue anyway.

Tax on Telephones and Telegraphs

The Treasury proposal is for a tax of five cents for each telephone, telegraph, cable and radio message for charges of 14 to 50 cents and ten cents for charges exceeding 50 cents. Revenue is estimated at \$50,000,000. The democratic plan would levy ten cents a month on each telephone instrument. A tax of 25 per cent on companies' gross income has also been mentioned.

THE CASE FOR: The tax is easy to administer, would have a wide spread and individual payments would be low.

THE CASE AGAINST: The telegraph is a necessary attribute of business. The bill would mean a tax of 15 per cent on intra-state messages and 10.5 on interstate. This tax will reduce business. The complaint against the democratic plan is that it would mean fewer instruments in big establishments with consequent inconvenience to users and slower expansion of companies. Hotels with telephone instruments in every room are especially bitter against this proposal.

Income Taxes

THE PROPOSAL is to fix normal rates at two, four and six per cent

(present rates are 1.5, three and five) with surtax rates beginning at one per cent on incomes of more than \$6,000 and graduated to 42 per cent on incomes exceeding \$500,000. (Present rate is 20 per cent on incomes exceeding \$100,000.) Personal exemptions would be fixed at \$1,000 for single persons and \$2,500 for married with a credit of \$400 for each dependent. (Present exemptions are \$1,500 and \$3,500.) Earned income provisions of the revenue act of 1928 would be continued. Estimated revenue is \$185,000,000 in the fiscal year 1933.

Suggestions for retroactive features seem to have been abandoned.

THE CASE FOR: Lowering the exemptions will bring 1,700,000 persons into the taxpaying group and will give these people a greater and more personal interest in the Government, yet fewer than 300,000 persons will pay 90 per cent of the tax. The larger number of returns can be handled with no great increase in present machinery.

THE CASE AGAINST: Lowering the rates brings people into the taxpaying group to whom the levy will be a hardship. Higher surtaxes will drive funds into tax exempt securities and defeat the purpose to increase revenues. Cost of handling small returns is excessive.

Capital Gains and Loss Provisions

The proposal is to change that section of the present income tax law which covers these transactions. As the law stands, stock and bond losses are deductible from gross income. Under the terms of the proposed revision, a taxpayer suffering heavy losses in the market could only deduct those losses from his taxable income in an amount equal to his stock and bond gains. He would not be permitted to charge off any of his securities losses against income from other sources.

The provision would operate the same for short sellers, option dealers or margin traders as for those buying and selling in private trading. The section would not apply to brokers in everyday business. The practical effect sought is to prevent the dumping of securities at sacrifice prices at the end of the year to show losses in income tax returns. It is estimated this change would add some \$100,000,000 to annual government revenues.

Corporation Income Taxes

THE PROPOSAL is to increase rates from the present 12 per cent to 13 per cent and to eliminate the present exemption of \$3,000 allowed domestic corporations with net incomes of \$25,000. Pro-

posals have also been made to abolish consolidated tax returns under which companies operating several subsidiaries are allowed to balance total losses against total profits and make a return on the result.

THE CASE FOR: Since individual income taxes are being raised, it is only fair that corporation taxes should be brought into line.

THE CASE AGAINST: A higher tax will have the effect of disrupting even further the value of corporation stocks and act as an additional handicap to business recovery.

Inheritance and Gift Taxes

THE PROPOSAL is for taxation of net estates at rates graduated from one per cent on the first \$50,000 up to 25 per cent on amounts exceeding \$10,000,000. The present maximum is 20 per cent and the exemption \$100,000. The proposed increase would take the form of a supertax. Inheritance taxes paid to the states would be allowed as credits up to 80 per cent of the federal tax provided under the present law but the Federal Government would take the entire proceeds of the supertax. Gift tax proposals are for rates comparable to the inheritance taxes designed chiefly to prevent avoidance of inheritance taxes.

THE CASE FOR: The machinery of collection is available. The tax will have the effect of breaking up large holdings and putting money into circulation. It does not act to curb ambition or to hinder business as it does not take effect until after the owner's death.

THE CASE AGAINST: Such a tax works a real hardship on the heirs as assets of an estate must frequently be sold at once on unfavorable markets to raise cash to pay the tax, thus causing tremendous and unnecessary shrinkage.

Tax on Stock Transfers

THE PROPOSAL is to increase the present tax of two cents on the sale of each share of stock to four cents. A tax is also proposed on sales of bonds which are now tax free. The stock-sale tax is expected to increase revenues from this source \$22,000,000.

THE CASE FOR: The tax is easily administered and machinery is already available. Speculation should pay a tax. This is already a lucrative source and the tax would not be so burdensome as to impede normal capital movements. It is essentially a tax on those most able to pay.

THE CASE AGAINST: The tax is a capital levy in time of peace as it is imposed whether the transaction represents a gain or a loss. It is a tax on neither consumption nor income. It bears heaviest on the small

investor. It is doubtful if it will bring in more revenue than the present rate because there will be fewer transactions. It may cause stock transactions to be transferred to Canada. The present rate is higher than that in any foreign country. Corporate stockholders already pay a higher rate on their earnings than any other class. To get and affix a stamp on every share sold will be a nuisance and an expense. The increase will tend to drive transactions from the regular exchanges to other channels where collection cannot be rigidly enforced.

Taxes on Bank Checks

THE PROPOSED tax is two cents on each check or draft, regardless of amount. Discussion indicates that the

levy would be collected through lithographers who would engrave the stamps on each individual check and the purchaser would pay the tax when buying the checks. Revenue is estimated at \$95,000,000.

THE CASE FOR: This was a very lucrative tax from 1898 to 1901. It is easily administered and has a wide spread.

THE CASE AGAINST: The tax was so unpopular that a special revenue bill was passed to repeal it. It would result in increased payments by cash and more numerous pay roll robberies. Use of fewer checks would damage the papermaking, printing, lithographing and allied industries. The tax would discourage the use of banks and increase hoarding.

—P. McC.

Borrowing \$300,000,000 a Month

(Continued from page 28)
the hoped-for revenues, that budget cuts may not materialize and that new and unexpected expenditures may arise.

What will borrowing do?

WHAT will be the effect of borrowing this \$1,500,000,000 in the last five months of this fiscal year? Increased interest rates on the public debt, an increase which will be reflected in the expenses of government and which must be met out of taxes for many years, a lowering of the current prices of outstanding government bonds and of the prices of other capital issues, and an increasing difficulty for industry to obtain capital funds for its own expansion and growth.

What will be the effect of increasing our tax burden by \$1,123,000,000 in the 12 months starting next July 1? That's between \$40 and \$50 for every family in the United States. That's going to cut consumptive power, no matter at what point the tax is nominally paid. Additional taxes mean additional costs of business and taxpayers endeavor to pass them on in increased prices.

What's wrong with the program?

IF ANY man looked over his prospects for the year and knew that his salary would not exceed \$10,000 and that his planned expenses were \$20,000, what would he do? Try, of course, to raise his income. But would he stop there? Of course not. He would know that he must keep up certain things, that he could not let the mortgage on his house be foreclosed, that he must keep paying on life

insurance, but beyond that he would pitch into every expense until he had got income and outgo somewhere near together.

Does the Government do that? Not quite. It recognizes that it has expenses to which it is pledged and which are not reducible, such as the interest on its debt. In fact, it is doubtful if the amount which offers any opportunity for real cutting is as much as \$2,000,000,000.

But \$100,000,000 or even \$118,000,000 seems a small amount to trim out of that two billions.

Suppose the president of a company whose expenses threatened to become twice its income went before his board of directors and proudly told them that he'd cut five per cent off the outgo?

And even that \$118,000,000 isn't materializing very rapidly. There has been a little progress along these lines. Appropriations before the House have so far been reduced from budget figures by seven to ten per cent. If the larger figures were followed and if the reducible expenses were \$2,000,000,000 (and that figure is high) the savings would be \$200,000,000. Good, but not enough! And in fact there is little real prospect that economies will reach half of \$200,000,000 and new expenditures are always on the horizon.

Business wants a balanced budget. It expects and is willing to pay more taxes. It has made sharp, deep cuts in its own business. It calls on the Government to do the same.

In the dark days of the war we were told to "give till it hurts." Now business says to the Government, "save till it hurts."

—W. B.



"Salary is a secondary consideration just now"

pen—I almost said what will happen—they would not only dip into their capital, they would cut it in two to solve this problem."

The next day an old friend who raises English bulldogs and hobnobs with the rich at kennel shows said to me:

"Hundreds of the country's wealthiest men and women today are spending on their weddings, receptions, fêtes and social functions not a quarter of what they spent three years, or even one year ago, for only one reason. They're afraid to display their wealth. They don't know what to make of all they're reading about the unemployment situation. It's got them stopped."

Tonight, as I write, a magazine at my elbow quotes a prominent economist as saying that America's jobless today are thinking the same thoughts that milled through the brains of those who daddied the French Revolution.

Well—what about it? Are they? Are America's jobless thinking thoughts different from those that engrossed them in former eras of depression—in 1921, for instance? Or are we seeing things?

First let's go back a bit.

Regress as far as memory supports us and we find this fact:

When, in past depressions, it became necessary for industry to prune its pay rolls, the man in overalls was the first to go. When he drew his pay envelope Saturday noon and slogged through the plant's gate he saw a notice on the bulletin board that, owing to such and so, the plant would be closed until—

Whereupon he went fishing.

But shipping, stock room, time-keeping and pay roll clerks, the plant chemist, the draftsman, the office correspondent or assistant purchasing

What America's Jobless

By Kenneth Coolbaugh

Superintendent, State Employment Office, Philadelphia

ILLUSTRATIONS BY CHARLES DUNN



In good times or bad the world owes him a living

brackets of our industrial society is theirs.

Because this is a new, highly personal experience to this group, it discusses unemployment in its organized social and civic forums which the millions, less prominent, unorganized, and not today so emotionally jarred, seldom attend.

Reporters are present; possibly a microphone.

For this reason no former period of unemployment ever generated a public interest and response as prompt, practical, genuine and generous as the nation has witnessed in the past 18 months.



After nine months—a chance to work

agent—those who were paid a weekly or monthly salary—marked time until the plant opened again. They seldom missed a pay day.

In all former depressions, the employee who grimed his hands was the first to go. He accepted unemployment as a part of the game.

But today an industrial group that has always known its regular pay days has suddenly missed them. Today, for the first time, a problem that has become trite to other

A tide of unemployment

NO ONE can prove the present condition of unemployment greater or less than that of 1921, 1913, or 1907. Anyone who has moved long in the zones of labor knows that, to the worker long jobless, an existing era of unemployment seems the worst he has ever experienced; that job-seeking crowds, of themselves, signify little; that a year from today, twice or three times as many men may be applying at our employment offices yet most of them will be, not jobless, but merely looking for better jobs than they now hold; that a state of general unemployment automatically creates hundreds of thousands of ephemeral job-hunters—wives, daughters, husbands, sons—who in good times live on the earnings of other members of the family.

Then, too, the effects of protracted idleness are cumulative. The tragic state of one man who has been idle for two months may manifest itself to us far more vividly than does the lot of several men jobless only a few weeks. Therefore, when we

Are Thinking Today



ARE the unemployed today thinking the same kind of thoughts that led to the French Revolution? We are told that they are—that a social upset may result from this depression. But will it? In this article a man whose daily work for years has been among the jobless gives you his views of the situation. And at the end of it, one of the unemployed sets down his own views

hear or read of new wreckage left in unemployment's wake, it's wise to ask ourselves:

"Are more people out of work today than were, say, six months ago, or are we simply witnessing the first show of misfortune by those who have been jobless for six months?"

Today and always, there is a wide gap between the number of unemployed and the material evidences of unemployment. As never before, our newspapers interpret business news in terms of what it spells for the jobless. We have become job-conscious.

And when we go conscious on one particular thing there's a danger we will ignore other things just as important. That, for example, thousands today have jobs in industries that did not exist or were in embryo ten years ago; that we then had nothing approximating today's production of radios; that 1921 at its best bestowed but a fraction of the jobs that this year of pessimism gives the worker in rayon, full-fashioned hosiery, mechanical refrigeration, airplane manufacture, aviation, television and sound control.

Then, too, before we let a shadow awe us, we should make sure whether it is wholly new or merely one that—because we've had brighter things to think about—we never before had observed.

For years, economists have told us that, even in prosperous times, at least a million men are unemployed. No one can prove or confute the estimate. Yet only those who have spent years in employment work can fathom the amount of unemployment that exists in our industrial centers during periods of outstanding prosperity; of potential workers in no sense unemployable who, in the best of times, experience as much difficulty in landing jobs as the highly skilled may in slack times. No one knows their total number.

Yet who in prosperous times ever ran a temperature because of them or their lot? Then why do so now? Can it be



"Piece Work? Yeah, I know that racket"

He never turned down a job he felt capable of doing well



that we tend to glorify unemployment? If the jobless are going to go berserk isn't it probable they would have done so when all around them were finding it easy to earn a living? If suffering, discontent or envy never goaded them to economic mutiny through the years when others prospered, why be fearful they will mutiny today when the very people they may once have envied are taking rations just as scanty as theirs?

Unreliable statistics on jobless

NOR has it ever seemed to me wise to be fearful over the people who look for work only in periods like the present—those who seek jobs solely because the habitual worker of the family has not been able to maintain them, and yet in every trade recession we include them in our jobless estimates.

What, then, of the unemployed? What are they thinking? In what direction do they turn for the answer to their problem? Gauge their thoughts by what they write, say—and do.

A six-inch stack of letters that date to January a year ago is at my elbow. They've come from job-hunters of substantially every industrial area of this country; a score of them from distant countries. Unable to land jobs at home they are scouting far fields. They breathe a spirit which the awestruck might better understand. Take at random paragraphs from five. From a foodstuff broker, Seattle:

"Four years ago 50 of us here were making a living or better. Today, ten. I've been looking for five months for any kind of employment. Have you anything for a husky of 55 still able to do a real day's work?"

From a youthful student of architecture, Atlanta, seven months luckless, who finally took a temporary job in an architect's office at a pre-war office boy's salary:

"I feel almost ashamed when I say that I have been as yet unable to find a position here at home."

From a textile worker, Wethersfield, Conn., his family scattered, eight months jobless:

"Conditions here are slowly picking up. I have a prospect I've been working on which I think will materialize."

Later the prospect came through, a subsequent letter shows—a supervisory job in a laundry. Whereupon, human-like, to justify the faith reposed in him, he reduces his department's pay roll one and one-half per cent!

From a former grocer and his wife, a former school teacher, Newbury, Mich.:

"We can't be particular. We are prepared to go anywhere,

at any time; salary is a secondary consideration just now."

And finally, from an accountant, Denver, his home lost and family marooned with friends. In August a year ago his job vanished. More poignantly than any I've read, his five letters project the spirit of the jobless:

Wide search for jobs

"I KNOW there's a niche somewhere that I will fit, to the advantage of both my employer and myself. . . . I'm willing to go anywhere. . . . I know there's a place for me if only I keep going. . . . I have a hundred lines out. My postage bill is getting to be quite an item; almost prohibitive."

Then, suddenly, after nine months of futile searching for a chance to work:

"The unexpected happened last Wednesday. I had a wire from—"

And so they run, every one of them. There's not a moan nor a carping wail in a single line. Through them all throb dogged determination, a ready acknowledgment of mistakes; grim humor; faith in tomorrow and patience.

But perhaps the job-seeker does not bare sullen thoughts when he writes to one he hopes can aid him. What then of those I meet six days a week? There's no brand of work they don't embrace. Day on day scores from every zone of commerce, agriculture and industry pass through my office; a cross section of the nation's man power. And what are they saying, thinking, doing?

Since the world began the employer and the broker in jobs have known two types of applicants—men who want work and seek it; men who want only the job their minds fabricate. Though economic upheavals make the first more mellow and receptive to fact, nothing changes the second. In poor times and good he harbors his inalienable right to work or not to work, to mold his own terms and expect the world to meet them. He'd rather quit a good job than forfeit his car or his radio. When business is good the world owes him the best of jobs; when it's sick—ditto.

"There's only a week's work there. No, I want something permanent."

"How much an hour? He ain't looking for a carpenter—at that rate."

"Piece work? Yeah, I know that racket."

He's the man who won't play ball. He never did. In any picture of unemployment his shadow looms no more ominously than when prosperity was at its peak. I see him and hear him every day.

Kin to him is another type whose numberless presence tends further to distort our vista. This type braces you for the price of a cup of coffee, of a night's lodging, a meal or for carfare to a job he claims awaits him. I've handed my business card in recent months to scores of this gentry.

"Drop in tomorrow morning," I've told them. "We may be able to get you a job." Not one in twenty comes in.

A few are by-products of today's limited production but the overwhelming majority are what they are because it pays them to be. But why accept them as anything more than a breed we have always had with us, more impressive today solely because they court the spotlight on a stage toward which our sympathies and intelligence have focused?

And in what contrast they stand, in caliber and number, to that host the spotlight never tints! Coleman, Mitcheltree,

Stafford, McBride, Lockerson, Willis, Lebrey. The list is endless. I have known their kind for years and recent months have not changed them; men whom I rarely hear utter a syllable about old-age pensions, doles or unemployment insurance; men to whom the mere thought of giving their names to a relief agency is abhorrent.

Coleman, a painter, with a painter's poor health, has corralled more work since the storm broke than my memory records. Painting kitchens, bathroom-floors, garages, trucking debris, refurbishing signs for a realtor.

From every employer come letters commanding his work.

"I'll make the price right. We won't haggle; a day's work's a day's work," he'd wheeze between coughs. He never turned down a job he felt capable of doing well. You couldn't feed red propaganda to the hundreds of Colemans I meet each week if starvation were the alternative.

Nor to those like Mitcheltree. Gray-haired, with an invalid wife, a daughter in the hospital, he'd had only five weeks' work in the previous 52 the day he called on me. He wanted a job in his trade of stair-builder and wood finisher. Yet he had one, far easier, that was paying him better than a job in his craft would have done. I had none for him but a day later phoned a number he'd given me and the proprietor of a women's dress shop answered:

"Oh, yes. The apple man on the corner! Isn't that fine! I'll run right out myself and tell him. He's so eager to make a change, he told me. He doesn't like to have people buy something from him he isn't sure they want. You understand. He's built that way."

And so through a long list. Men turning their hands and minds to whatever work the moment offers. Doing today, as is the business man—taking what they can get on terms for the moment.

Work for small salary



"He doesn't like to have people buy something from him he isn't sure they want"

WHAT more unmistakable evidence as to how America's job-seeking workers have reacted and still react to the shock that rocked us all than their attitude toward the pay envelope they're willing to accept when they start back to work? The many thousand application cards that have found their way to our files in recent months tell the story. Hardly a trade or calling, age, racial or social background, they do not embrace. They veil, I know, tragedies and hopes deferred and frustrated, yet to me they speak an inspiring creed, for the majority bear either no notation in the bracket marked "Wages Wanted" or words like these:

"Whatever is offered—Anything offered—Immaterial—Optional—Nominal—Secondary—Within reason."

Not long ago an application of that hue was a rarity. That business management here and there now buys at unreasonable discount the services of men who need work is beside the question. The heartening fact stands:

Most of the era's job-hunters have met and are meeting the business man at and beyond the half-way line.

Then again men come back. They always have. They're doing it today.

Today as always they are starting at bedrock; not in jobs approximating the type and salary of those they recently held but jobs nevertheless. They are wasting no time going to protest meetings. They are going to work. A former chief draftsman for the world's largest builders of battleship type coal cars, down for 11 months and all but out, goes to work for a two-man plant that manufactures packing-

(Continued on page 84)

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CULVER SERVICE

Paul Revere, business man

Paul Revere Without His Horse

By DONALD WILHELM

Author of "The Book of Metals"



Revere engraved this bowl commemorating Massachusetts' independence



THIS MONTH 157 years ago Paul Revere made a midnight ride that has given him a claim to fame. He deserves fame, also, for his day-time business. He made powder for the American Army, rolled the first copper in this country, helped found an insurance company, and carried on other business for patriotism or profit

other mounted messenger who had left Boston two hours ahead of him, he never "came to Concord town." He was captured and only young Doctor Samuel Prescott won through.

Patriotic messenger

MOREOVER, this "ride" was only an incident in Revere's service to his country as a messenger, adventurer and patriot of hot-blooded Huguenot and Puritan ancestry. Fresh new study of the records shows that for months he was "riding" much of the time. Thus, in his letter to the Reverend Jeremy Belknap, in his own odd spelling he notes:

In the year 1773 I was employed by the Selectmen of the Town of Boston to carry the account of the Destruction of the Tea to New-York, & afterwards, 1774, to carry their dispatches to New-York & Philadelphia for Calling a Congress; & afterwards to Congress, several times . . .

He was "employed" to ride, rode so much, so often, so well, that he received remuneration therefor, since he had a large family—altogether he was the

T IS about time we changed our ideas and enlarged our picture of Paul Revere.

Although the heart of every American beats a bit faster when he hears those familiar lines beginning,

"Listen, my children, and you shall hear
Of the midnight ride of Paul Revere. . ."

it isn't fair that Revere should be remembered merely as a patriotic horseman riding down the centuries on a poem. The fact is that Revere was an important business man of his day. Also he was a manufacturer of distinction as well as our Benvenuto Cellini.

Longfellow's poem does not tell the full story of "the Ride" anyhow. With poetic license and an eye to a good story, Longfellow neglected to note a sworn statement of Revere's still preserved in the archives of the Massachusetts Historical Society in Boston. In this statement Revere, himself, says that, though he reached Lexington a half hour ahead of William Dawes, an ancestor of General Charles G. Dawes, an-

father of 16 children—to support. But he was a manufacturer as well as a horseman. Thus we find him, November 12, 1775, en route to Philadelphia, where the only gunpowder factory in America was located, carrying credentials saying:

This Certifies that Mr. Paul Revere is going express from the Colony of Massachusetts Bay to the American Congress; all persons upon the road are desired to assist him with Horses or any other things he may stand in need of.

James Otis (Senior)
Prest. of Council.

The proprietor of the only powder factory in America, one Osswell Eve, revealed as little as possible, guessed that a mere messenger could know little about chemistry and mechanics but—guessed wrong!

For Revere galloped back to Boston. And there, after he had seen to it that a powder factory was built with public funds, in the spring of 1776 we find him successfully supervising the manufacture of gunpowder, every keg of which made American history. From the making of gunpowder he now turned to casting cannon for our military forces. Also, later on, he made some 12-pound brass cannon for Massachusetts and contracted with the United States Army to make ten brass howitzers. Then from brass, an alloy of copper and zinc, he worked over to bronze, an alloy of copper and tin, and, in 1792, he began to manufacture bells, the first of which, his historians say, was made for the New Brick Church on Middle Street, now the Second Unitarian Church in Copley Square, where he worshipped.

This bell, now the proud possession of St. James Episcopal Church in Cambridge, bears the inscription, "The first bell cast in Boston, 1792, by P. Revere."

He worshipped systematically, too. A pew-holder who sat directly behind him wrote, "I used to see him as regularly as the Sabbath came. He was then a 'thick-set, round-faced, not very tall person who always wore small clothes.'"

Cast many church bells

IT IS said in "Paul Revere's Own Story," compiled by Harriett E. O'Brien, that Revere cast altogether perhaps a hundred bells then and even now famous for their sweet tone.

He worshipped and rested, you see, and did his part to persuade untold thousands of others to worship and rest, on the Sabbath.

But between Sabbaths, his ceaseless

Huguenot energy manifested itself in numberless ways.

He was an etcher and engraver on copper of book plates, dies and seals, including views of scenic interest such as the landing of the first British troops in Boston and views of Harvard College. In silver and gold he created exquisite things still treasured by the Boston Museum of Fine Arts, the Metropolitan Museum and a few fortunate old New England families, not to mention Masonic Lodges in Massachusetts. He did picture-framing and made cases for miniatures. He advertised himself in the *Boston Gazette and Country Journal* on September 19, 1768, as expert in the matter of fixing "fake teeth," as he called them, adding in another advertisement two years later due thanks for patronage, along with the statement that his teeth are "not only an Ornament but of real use in Speaking and Eating." Moreover, Revere added that "He cleanses the Teeth and . . . may



A picture of Boston in 1768
as seen by Paul Revere



The able Doctor of America Swallowing the Bitter Draught.

CULVER SERVICE

Paul Revere was an active cartoonist for the cause of the Colonies. This cartoon was engraved for the "Royal American Magazine" in June, 1774

be spoke with at his shop opposite Dr. Clark's at the North End where the Gold and Silver-smith's Business is carried on in all its branches."

It should be added that, years later, in 1776, when the body of Gen. Joseph Warren was exhumed from its place of burial after the Battle of Bunker Hill, it was identified by Revere who recognized an artificial tooth he had made for this one of many highly influential Americans, his personal friend.

His friend Copley, the celebrated painter of portraits, including Revere's own, pictured him as "a man in early life,

eyes and hair dark, the face strong and expressive, leaning on a bench, his coat off, waistcoat unbuttoned, his white shirt loose at the neck and wrists, his hair unpowdered . . . his tools scattered on the bench before him."

A man of affairs

OTHER glimpses of him at different periods of life suggest how instinctively a man of action and affairs he was. He was appointed coroner in Boston in 1796 and kept precise notes of 46 "inquisitions." His name headed the list of charter members of the first successful effort in America to insure property against fire, that of the Massachusetts Fire Insurance Company, chartered in 1798; he served on the "Committee of Correspondence;" on another to "Collect all Names of Ennemis of this Continent;" on yet another "to Prepare a List for the



CULVER SERVICE



Working night and day in a secret rendezvous, under military protection, Paul Revere engraved and printed our first paper money

Draft;" on still others that may be taken for a sign of high public esteem and confidence.

Add that he was the first president of the Massachusetts Charitable Mechanic Association, first chairman of the Boston Board of Health, and that he held not a few other public or semi-public offices.

Add also that, in 1770, after due apprenticeship in lesser offices, he succeeded Gen. Joseph Warren as Master of St. Andrew's Lodge; that he served thus three terms, was also Grand Deacon of the Massachusetts Grand Lodge, made its jewels and in many other ways

wrote his name and memory into the history of Masonry, indeed has a lodge named for him.

The cause of liberty received the full benefits of his versatility. He was an ardent member of the Sons of Liberty and attended the secret sessions of the Long Room Club which Daniel Webster later called "the headquarters of the Revolution." He was one of our earliest cartoonists and caricaturists; his work in this field including an attack on the Seventeen Rescinders in the Massachusetts legislature—17 who voted for allegiance to the Crown—that circulated everywhere.

Few of us know that in 1775 Revere engraved and printed on a press of his own manufacture, the first paper money ever issued by our Government. In the same year and the next he manufactured additional bank notes, in smaller denominations, for our soldiers, and made the plates for later issues voted by Congress.

All these things, however, were among his minor achievements. It was not until 1800 when he was well past 60 that Revere made his greatest contribution to American industry—the mastery, technically as well as commercially, of the subtle secrets of rolling copper.

Looking back, it seems that all his life's work had gone to prepare him for this achievement.

It would seem, too, that this victory in itself was sufficient to win him undying fame.

Economic war with England

BUT let's try to get the picture whole by noting, to begin with, that even before 1800 Revere and all other alert Americans felt certain that another war with Great Britain was almost inevitable. Revere knew, in other words, that though, by the Revolution, we had won our political freedom, it was questionable if we could retain that and

prosper unless we won our economic freedom too.

Winning our economic freedom meant winning our right in all ways to expand our individual and collective area of operations.

The Colonists had to make with their own hands or get from the soil or the sea or the forest virtually everything they used. They were starved for gold, for luxuries, for that sense of security and well-being that can only be achieved by cash in hand and comfort in the home.

That is why, in the day when there was, except for a few water-wheels, no power but the muscle power of man and beast, no land transportation save by horse, no good roads, when, in short, the radius of operations of any individual was hardly larger than he could see or his voice could call down the wind, that then our fishing schooners soon were surpassing England's in their catch and our clipper ships were sailing round the world, bartering everywhere, settling our Northwest before the advent of the covered wagon.

But Revere knew—and so did our Navy Department—that our schooners,

time over a long period of years; in fact it may be said that he had given much—in a sense all—of his life to preparation for a responsibility that he alone in America was qualified to accept.

At any rate, on the Fourth of July, 1799, he wrote to Jacob Sheafe, U. S. Navy agent at Portsmouth, N. H., then a very active port:

No man but myself in the four New England States can melt the Copper and draw it into Spikes—

Again, on February 26, 1800, he wrote to Benjamin Stoddard, Secretary of the Navy:

I Learned of that gentleman (Colonel Humphries) that there are no persons in either Philadelphia or New York who can make Copper so malleable that it can be drawn into Bolts, Spikes, etc. under the hammer . . .

And to Harrison Gray Otis, Member of Congress, on March 11, 1800, he wrote:

It is the universal belief of all copper-smiths that no one in this Country could make Copper so malleable as to hammer it hot. I have farther found it is a Secret that lay in very few Breasts in England. I determined if possible to find the Secret and have pleasure to say that after a great

east branch of the Neponset River, near Canton, Mass., where, in 1776, he had, for his compatriots, manufactured gunpowder. Here, in addition, he acquired a large tract of forest. Having no other fuel, he had, at the beginning, to use wood in his furnaces as well as in "poling" his copper and desired, therefore, to have a place where, when not working with metal, his men could wield axes and saws!

Equipment was expensive

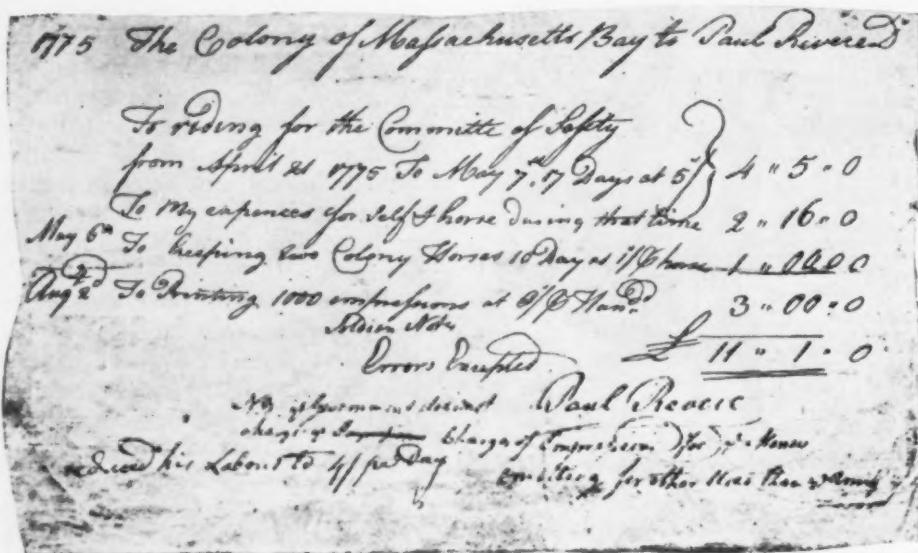
BUT land was plentiful, and cheap; equipment was scarce—scarcely available at all—and costly! He needed financing, therefore, as badly as our ship-builders and our Navy needed copper sheathing. At any rate our Navy Department, then, like our ships of war, mainly in prospect, advanced him \$10,000, a large sum for those days, and, its records show, agreed to take payment in copper.

Then, piecing out the picture as well as I can, Revere directed the building of a furnace—a good deal of a furnace, since he wrote to Col. Joshua Humphries of Philadelphia, the designer of "Old Ironsides" and many another commercial and wartime vessel, "I refine 1,800 lbs. at a time."

Next he had to improvise a rolling mill so that, when he had melted down his metal, refined, poled and skimmed it and judged it to be of just the right color and pitch, he could make it into plates, sheets and doubtless other forms, by passing it between rollers, much as wet cloths are passed through a clothes-wringer. But heaven only knows—various old hands won't even guess—how he achieved the intermediate step of preparing his metal for his rolls unless we may suppose that he drew it off, ran or poured it from ladles into sand molds or metal forms, permitted it to solidify and then re-heated it in a second furnace before passing it back and forth, by hand or with water power, through his adjustable rolling mill.

We do know, however, that he tried to find or have made to drawings that still exist, rollers suitable for his mill. Finally he had to procure these, the records show, from Maidenhead, England.

His first recorded big sale, for a most significant purpose, was made to "Agents for Building the New State House" on Beacon Hill, in Boston, (Continued on page 64)



This bill for messenger service and printing rendered to the Colony of Massachusetts Bay shows two of his many activities for that colony

clippers, sloops and ships of war needed, to keep their bottoms clean and free from borers, sheathing made of copper or its alloys which, at the turn of the century, only English manufacturers could make.

Even before 1800 Revere began to experiment, in the hope of learning the subtle secrets, then vitally important to the colonists, involved in rolling and working copper. He knew his metal, had worked with it from time to

many trials and considerable expense I gained it . . .

So far, so good! But Revere went further, to establish himself past question as the founder of our copper industry.

Copper factory in a forest

ACCORDINGLY, on March 14, 1801, we find him purchasing the site—the cradle of our copper industry—on the

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Exchange started as barter when somebody bartered a sheep for a sack of corn

Confessions of a Capitalist

ILLUSTRATIONS BY EARLE B. WINSLOW

PART II · Practical Economics

HAVE mentioned that, when I got my first job at a salary of \$1.25 a week, I saved half of it and that I have saved half my income all my life.

At the age of 24 I performed the first serious and important act of saving by taking out a life insurance policy for \$5,000. At 26 when I became engaged to be married, I opened a savings account into which I paid \$1.25 a week with the object of accumulating \$125 for the honeymoon.

My eldest boy was born in 1904. At that time I began again to accumulate small weekly sums. A savings account was opened in my boy's name and into it my wife and I each paid a quarter every week. We did this for each of our five children.

These quarters and half dollars would appear to have little bearing upon the figure at which my present income is reckoned were it not for other and more important things. The amount saved is less important than the habit of saving. It was this habit that enabled me to increase my business in regular progression.

When I took charge of my father's business, the total turnover from all sources was about \$25,000 a year. Today, after 30 years, my business totals approximately \$2,000,000 a year. There

★ THIS is the second of a series of articles in which a business man whose name will be revealed later answers those critics who declare that business conducted for profit is one of the causes of world suffering and poverty. His arguments are based on incidents from his own practical experiences over 30 years in business

is nothing mysterious about that growth. Given enterprise, a trade in which there is room for expansion, and a conservative basis of finance built upon saving, there are few business men who could not, in 30 years, put together a yearly turnover such as mine. Let us see how it works out.

Business with sound growth

MY father's business was carried on at a profit of more than 20 per cent. Starting with a trade of \$25,000 and a profit of \$5,000 saving half the profit and reinvesting it in the business, turning it over five times a year (which is a good average rate), thus adding \$12,500 to the second year's turnover, and repeating this process 30 times, representing 30 years, we find that a turnover of \$2,000,000 is not at all impossible.

The calculation, however, is not quite so simple as this. The complication arises from the fact that the rate of profit over the 30 years will steadily

diminish, so that at the end the figure will be something near the figure I have given.

In my own experience the profit has diminished until today it is less than five per cent. This diminishing rate of profit is important in considering the larger question of the capitalist system. No big investment can ever produce the rate of return obtainable upon the 25 cents with which I started. As I have been able to invest larger and larger sums, those investments have steadily become less worth while.

This is as it should be because the 25 cents is a good deal more difficult to save than the bigger sum of our greater wealth. The man with the big bank balance must invest it. There is no pressure to invest the quarter. Since the saving, which is essential to all of us, can only arise from someone's willingness to restrain his desire, it is proper that the inducements for saving 25 cents should be greater than the inducements for saving a larger sum. The

whole science of capitalism needs to be brought down from the lofty phraseology of economics to that simple statement.

The business classes are nothing but that small section of the community which is doing the saving necessary for the continued existence of the whole. That saving brings great advantages to those who make it. If there is a feeling that those advantages are too great, the remedy is simple and obvious.

Multiply the number of business men, and increase the number of savers. By doing this we will diminish the benefits which accrue to those who save.

That is not the remedy most often advocated, however. The usual cry is "destroy the business man." It is raised by those who do not recognize the value of the service of saving or of any service that does not come within the limits of the theory, made popular by Karl Marx, that "wealth consists of labor applied to land."

My business experience has convinced me that, if this theory is true, it is equally true to say that music consists of cat-gut and horsehair or that literature is comprised of paper and ink.

Still most people more or less accept the idea that the working man, with his hands, makes a piece of wealth which is then sold at something more than the price charged by the workman, the difference being the "surplus." The distribution of this so-called surplus has formed the theme of many volumes.

Disposing of surplus

LATER Socialists brought the Marxian theory up to date by admitting that labor might be done by brain as well as by hand. So we have wealth defined as "land plus labor by hand or brain." But we still continue to argue and debate about the mythical "surplus" which, under what is called "Capitalism," is supposed in some mysterious way to be filched from its rightful owners—the possessors of "labor power."

John Stuart Mill, whom scarcely anyone reads, owing probably to the fact that he preaches no revolution, defines wealth as "all things useful and agreeable having exchange value." As I have studied the problem over 30 years, I have become con-

vinced that the definition can be simplified still further to three words, "wealth is exchange."

Such a definition would not contain the whole truth, but it would be nearer the truth than the Marxian formula of land and labor.

If I may, I would like to deviate from the story of my own experience right here to show that exchange is the very essence of wealth, and that land, labor, brains and many other elements are all of small importance compared with this intangible ingredient expressed by the word "exchange."

Under whatever system we work, we can live only by the will of others who are willing to give us those things which we require in exchange for something which we have to offer. This rule is of universal application. The author may produce stories by the ton but they will bring him no benefit unless he can persuade other human beings that some advantage will accrue to them from reading his stories and that the advantage is worth some share of their possessions.

The doctor who charges \$500 for performing a special operation, which takes 30 minutes, is only able to effect such an exchange because the patient is willing to assess the doctor's service at that value. It is true that some, with greater

skill in exchange, are able to make bargains more profitable to themselves than others, but when this occurs the quickest, surest remedy for any injustice thus inflicted is public knowledge, which has never yet failed to bring enough other men into the same market to reduce the terms of the extortioner and bring the transaction rapidly down to a normal and equitable level. If the doctor's fee is, in public opinion, too high, young men and women will flock into the medical profession. If, on the other hand, it is thought to be inadequate, students will be discouraged, and there will be a shortage of doctors.

All may have a profit

IT IS sometimes argued that, if wealth is exchange, there can be no such thing as a profit; the contention being that, if exchange is equitable, neither party makes anything that can be called a profit. John Dewey and Norman Thomas in their League for Industrial Democracy have summed up this view in the phrase, "production for use and not for profit."

To be satisfactory, any discussion on this subject would have to be based on an agreed definition of profit, which might turn out to be nothing but our old friend, "saving."

If two men exchange an hour's work and one consumes all that he receives while the other saves half of what he gets, do they both make a profit? It is all a question of what is meant by the word. Let a man work by himself on a desert island and produce day by day rather more than he consumes, thus gradually amassing buildings, implements and clothing; he will be making a profit just as surely as the merchant who sells an article at a price which leaves him something over the actual cost of production. If there are two men on the island and they exchange clothing for buildings or food for fuel, each undoubtedly profits. If a third man facilitates their operation by conducting the exchange on their behalf and retains for his services a portion of the goods exchanged, he also enjoys a profit.

It is an entire misconception to suppose that profit is an illegitimate addition to a price. In a free market, under



The author may produce tons of stories but no benefit will accrue unless someone reads them

They used to say that a six costs MORE to run



Remember how they used to talk about six-cylinder cars and trucks in the old days? "Smoother, more efficient," they would say, "but naturally, extra cylinders mean extra cost."

Fortunately for American business—this popular fallacy went into the discard some years ago. As thousands of six-cylinder Chevrolets entered commercial service, and Chevrolet cost-figures began to appear on balance sheets, a totally new light was thrown on this subject of cylinders. Chevrolet demonstrated that extra cylinders *do not necessarily mean extra cost*. Chevrolet proved that a skilfully-designed six, with efficient carburetion and manifolding, can *actually operate at less expense than any other motor car engine, regardless of the number of cylinders*.

Today, it's an established fact, in nearly every business field, that the six-cylinder Chevrolet is the car or truck to buy for *lowest transportation costs*. Chevrolet consumes less gas and oil—stays on the job more consistently—costs less for upkeep and repairs—and lasts longer—than any other corresponding motor vehicle.

CHEVROLET MOTOR COMPANY, DETROIT, MICH.
Division of General Motors

Passenger cars priced as low as	\$475
Truck chassis priced as low as	\$355
½-ton trucks with bodies priced as low as ..	\$440
1½-ton trucks with bodies priced as low as ..	\$670

All prices f. o. b. Flint, Mich. Low delivered prices and easy G. M. A. C. terms.

CHEVROLET

SIX-CYLINDER PASSENGER CARS AND TRUCKS

a system of free competition, nothing is contributed to the general service of the community so cheaply as that essential element known as profit.

Should any reader still believe that land and labor are the essence of wealth, I invite him to go through a simple mental exercise. Take, for instance, your handkerchief. You will find that you bought it downtown for 50 cents; that it was made in Troy with machinery some of which came from Cleveland, some from New York; that it is made of cloth manufactured in Paterson, N. J., from silk brought from Japan. So, within 30 seconds you have travelled round half the world. You have been brought up against the problems of iron, steel, coal, transport, power, credit, banking and finance.

Complexities of trade

WHEN you consider that a part of the half dollar you paid for that handkerchief provides the Japanese farmer with a cigarette from North Carolina, you get an elementary insight into the complications of this thing called "wealth."

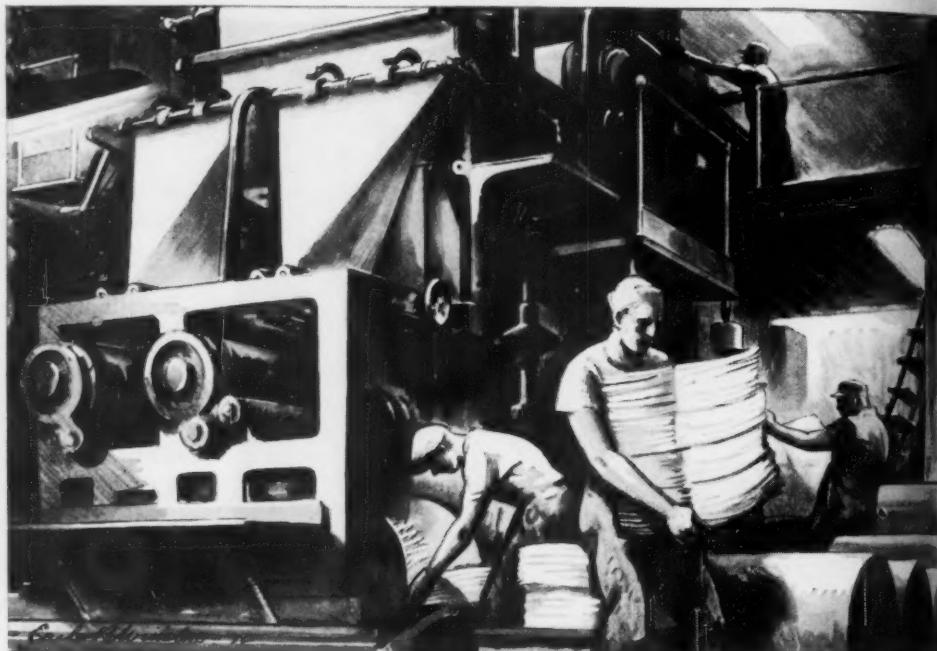
Examining more closely this train of circumstances you will notice that unless the Japanese farmer were able to get the cigarette from North Carolina, you would have no handkerchief; and these considerations should bring you to the conclusion that the makers of handkerchiefs might be prepared to weave for generations, that the laborer in California who unloads the silk might push bales about until Doomsday, but no handkerchief would ever appear. Similarly, the Japanese farmer might produce silk until it filled the Universe and still there would be no handkerchief. Land, in this case represented by mulberry leaves eaten by worms which produced silk; and labor, represented by hundreds of persons dealing with the odd things that eventually come together in the form of a handkerchief, are the most unimportant details compared with the genius of organization and foresight which have made it possible for all these agencies to fit into each other and enable you to possess a handkerchief which, incidentally, would take you weeks to make yourself.

The essential benefits conferred by the operations of exchange are seen also,

plainly when we consider the position of the poorest man among us. Were he to work 24 hours every day of every week, and continue in this way for the whole 70 years of his life, he could not of his own effort and with the aid of land make a tithe of the trifling things he possesses. It would take him a week to carve out the piece of bone necessary

change, and, because it is, as a rule, far more difficult to exchange an article than to make it, the business man generally obtains a higher remuneration for his part in wealth production than the laborer who wields the hammer or the saw.

One justification for this lies in the fact that exchange involves risk, and



A newspaper plant provides a good example of the working of exchange and shows how all parties may benefit in the face of apparent loss

to make one of the buttons which help to keep his poor rags together. Thanks to the wealth-producing power of exchange even the poorest of us receives far more than a single individual could ever produce.

Exchange feature is obscured

OWING to the highly-developed state of our civilization, this exchange business is becoming so complicated as to be obscured and hidden. It is, for instance, a little difficult to believe that, if I produce an article which is sold in Chicago, I am in fact exchanging my article for a hat which was made in Lancashire, England. But that is a fact, and, were it not for this essential thing called, "exchange," and the way the machinery of civilization has perfected it, neither the article nor the hat would exist, and no wealth, so far as either of them can be described as wealth, would come into being. The man who makes my hat declines to buy the article I produce. The Chicago man, on the other hand, prefers a cap. But those difficulties are overcome by exchange.

The business man is the agent of ex-

the recognition of this element is important. Let me illustrate. A man decides to make buttons. His object is to serve his fellow-creatures by exchanging with them buttons for other commodities. To this end he buys a machine which will make a million buttons a year for ten years. He thus begins a process of exchange which will not be completed until the ten-millionth button is made and stitched on somebody's shirt ten years hence. But who can say that, in ten years, anybody will want this particular type of button?

That simple illustration brings out the element of risk in the exchange which takes place between all the individuals concerned in the making of the machine and the man or woman who ten years later gives of his or her goods or services to obtain one of those buttons.

A normal piece of exchange often takes ten years, and the services rendered by the persons who take the risk involved in that lapse of time form an essential part of the process of wealth production. It is not merely lending money for ten years. That is a ques-

(Continued on page 67)



Waste or inefficiency in any part of your production can reduce profits to negligible proportions, or wipe them out entirely, in these days of reduced selling prices.

Packaging is one of the processes that leaves the greatest opportunity for waste—and the greatest opportunity for savings. Is your packaging as efficient as it should be?

How do America's largest manufacturers of packaged goods keep packaging costs down to the minimum? With Pneumatic Scale packaging machines. Whether they fill their products into cartons, bottles, or cans; whether it is dry and free flowing, liquid or semi-liquid, the majority of the successful manufacturers in every packaging industry have found Pneumatic Automatic Machines the most dependable . . . and the most economical packaging method.

We shall be glad to send you the record of service of Pneumatic Machines in these plants, as proof of what can be done in yours. Send for the booklet, "An Interview." Pneumatic Scale Corporation, Ltd., 67 Newport Avenue, Norfolk Downs (Quincy), Massachusetts.

PNEUMATIC MACHINES

Carton Feeders—Bottom Sealers
—Lining Machines—Weighing
Machines (Net and Gross)—Top
Sealers—Wrapping Machines
(Tight and Wax)—Capping Ma-
chines—Labeling Machines—
Vacuum Filling Machines (for
liquids or semi-liquids)—Auto-
matic Capping Machines—Auto-
matic Cap Feeding Machines—
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PNEUMATIC SCALE PACKAGING MACHINERY

PNEUMATIC SCALE CORP., LTD., NORFOLK DOWNS (QUINCY), MASS.
Branch Offices in New York, 117 Liberty St.; Chicago, 360 North Michigan Ave.; San Francisco, 320 Market St.; Melbourne, Victoria; Sydney, N. S. W. and Trafalgar House, No. 9 Whitehall, London, England.

Let's Have Stabilization

For Needy Authors

By LEWIS W. BRITTON

CARTOON BY CHARLES DUNN

I WROTE a book. So did Willa Cather. They published Miss Cather's book; and are now selling it in large quantities. But they haven't even published mine.

However, I am content, because the very fact that my book hasn't been published has given me a great idea—one that will bring the country out of the depression, and will confirm us in the latest and best of the theories of government as practiced in the United States.

Why shouldn't the Government buy my book? It's a nice book. I had it put neatly between covers to preserve it. I know that the objection may be raised that mine is a "marginal" book, taking its place among those that should never have been written. But is that my fault? Can I help it that Willa Cather, and Sinclair Lewis, and Theodore Dreiser, and a lot of other authors go on turning out books? If I write one book, or ten books, in a year does not my country owe it to me to see that it or they are published?

Of course, I'm not going to be selfish. I don't mean that the Government should buy my book alone. My idea, completely developed, is this:

Let the Government set up an organization known, let us say, as the Unpublished Book Stabilization Corporation. At various points it would establish warehouses. Perhaps some space could be set aside in the grain elevators of the grain corporation. That would help to spread the overhead there a little more thinly. In these warehouses the Government would place the manuscripts sold to it by authors disappointed of publication.

A revolving fund—isn't that what it is called?—would be set up. Then, as soon as I or any other author had written a book that was superfluous, it would be sent to the corporation, bought, and thus we could go on producing our manuscripts, and be fed, clothed and housed, with no worry as to how bills are to be paid.

Let's have a Senate investigation

BUT THIS is not all. I'm sure that any Senate investigating committee could easily discover that there are a lot of things wrong with the publishing business as it is conducted today. I can give such a committee the names of a number of authors—my own name among them—who will be glad to tell the committee just what is wrong. Very good; it becomes evident that it is time for the Government to act.

So the corporation sets up the Stabilization Book of the Day Club. A committee of the Senate would be sent into a warehouse. The members would be blindfolded. Thus blindfolded, they would select the manuscripts to be published.



Let the Government set up an organization to buy the manuscripts that regular publishers reject

This would be the fairest method of selection, for obvious reasons into which I shall not enter.

Then, from the records of the income tax bureau, the corporation would get a list of the names of all income taxpayers. To each would be sent a copy of the book of the day with a bill. Of course, where the average publisher would charge \$2.50 for a book, the Stabilization Corporation could offer it at a fraction of the actual cost of production.

It might sometimes result in a quarrel between the committee of selection and the censor. But that would be all to the good. The committee would have to stand by its (blindfolded) selections. It always does, anyway. And such quarrels might actually get some of the books read. Of course, the book dealers would kick but what of that? Is a great and noble governmental experiment to die because a few selfish men cling to outworn ideas?

Hundreds of printers would be kept busy; lumbermen would have to grow trees to make the paper; paper companies would be busy making the paper; trucks would be busy hauling the paper and the books; the railroads would carry the lumber and the paper, and the books. And I could write another book.

Then there's that play I wrote. . . . But the idea is sufficiently clear, isn't it?



NATHAN G. RICHMAN

ALL eyes on Nathan G. Richman, of The Richman Brothers Co., world's largest manufacturing retailers of men's clothing...and Alphonse Cuquet, progressive community grocer. In a year when business in general bemoaned "hard times, no buying and everything



The Richman Brothers Co. plant at Cleveland.



Richman Brothers Co. extensive Addressograph-Multigraph equipment for producing effective personalized advertising in large quantities.

**Greater Profits**

Mr. Richman accredits the splendid showings of his company to: (1) Advertising far and wide. (2) Maintaining, even increasing, advertising in times of increased sales resistance. The Richman direct-mail selling message shown here is Multographed and Addressographed.

Clothing king and Grocer accomplish outstanding Sales Increase in 1931

quiet," The Richman Brothers Co. achieved new sales records...and Cuquet secured a 35% increase in business volume!

How did these two successful business men solve last year's sales and merchandising problems?

Experience has taught Richman and Cuquet that business goes where invited, and stays where it is welcome. Thus, Richman systematically contacts his retail outlets, salesmen, and prospects with direct selling literature that keeps Richman Brothers Clothes foremost in their minds. Cuquet's field is the trading neighborhood around his store. This area of prospective business he intensively circularizes with grocery selling messages.

This regular, insistent market stimulation maintains present customer volume, and quickly turns new sales-opportunities into actual business and profits.

Efficiency in Selling

To conduct productive sales campaigns with the greatest economy, Richman and Cuquet use Addressograph and Multigraph. With Multigraph it is possible to produce advertising folders, catalogs, post cards, announcements, sales letters, etc., at savings up to 40%. With Addressograph, this material can be speeded to salesmen, jobbers, dealers, and direct buyers 10 to 50 times faster than other methods.

World wide or neighborhood community in scope, your market can be enlarged and merchandise quickly turned into money with this equipment. Ask a representative to prove it without obligation.



ALPHONSE CUQUET

"I produce all my direct-to-consumer advertising on Addressograph and Multigraph at low cost. Increased business was noticeable from the time the first circular was distributed. On Saturdays there is a \$300 increase in sales," says enthusiastic Mr. Cuquet.

**More Grocery Sales**

The "weekly special" handbill and the imprinted paper bag are samples of profitable Cuquet merchandising. Cuquet's low-cost Addressograph-Multigraph investment is shown in above photo.



Addressograph Company • Multigraph Company—Divisions of ADDRESSOGRAPH-MULTIGRAPH CORP., 1814 East 40th St., Cleveland, Ohio • Sales Agents in Principal Cities of the World

Addressograph

Multigraph

EVERYTHING THE HIGH SEAS OFFER—plus THE AMERICAN STANDARD OF LUXURY!



S. S. LEVIATHAN First spring sailing to EUROPE

America's smartest ship, five-day vibrationless speed, the famous "Club Leviathan," *everything* any ship can give you—*plus* the American standard of living, highest in the world. As little as \$240 accommodates you in a delightful First Class cabin. If April 26 is too early... she sails again May 17, June 7 and June 28, at slightly higher summer rates.

If you like the freedom and informality of a Cabin liner—the PRESIDENT HARDING and PRESIDENT ROOSEVELT—the two fastest afloat—offer you "American service that pleases Americans" at \$147.50 and up. And every Friday, direct to London, a snug American Merchant Liner—all one class, at \$100 (up).



S. S. LEVIATHAN OFFERS YOU THE LOWEST FIRST CLASS FARES OF ANY "MONSTER LINER"

As little as \$240, in First Class. \$122.50 (up) for Tourist Class. And... if April 26 is too early for you, she sails again May 17, June 7 and June 28, at slightly higher summer rates.

FREIGHT SERVICES

Exporters and freight forwarders are finding it profitable to mark shipments to Great Britain and Europe via U. S. Lines or American Merchant Lines. Fast, efficient services from Chelsea Piers, in the heart of New York. Frequent sailings. Let us send you particulars.

UNITED • STATES • LINES
AMERICAN MERCHANT LINES
Roosevelt Steamship Company, Inc., General Agents
No. 1 Broadway, New York • Offices or agents everywhere

When writing UNITED STATES LINES please mention Nation's Business

Campaigning to Modernize Homes

TO THE lengthening list of businesses and industries which are evidencing their belief in the soundness of the ancient maxim about God helping those who help themselves is now added the home building and home equipment industry.

With a group of Chicago business papers providing the initial impetus, a large section of this industry is backing a sales and promotional idea which is summed up in the slogan, "Spend for the Home in 1932."

This program is interesting in two respects. First, it provides a good example of "creative merchandising." Second, it is being handled as a building and equipment industry project without a central organization. The business papers sponsoring the program are developing the program as it applies to their own fields in their own way, but are holding to the central idea and slogan.

More attention to homes

SUCH a campaign is a timely one and promises great effectiveness just now, in the opinions of the editors of these publications.

"The American people have come home," one of these editors said in commenting on the program. "I believe that we are about to witness the greatest renaissance in home-making that this country has ever known. This, I think, will start with a general renovation of homes and apartments now occupied, and spread from that to a demand for new homes."

"Loss of positions, salary and income cuts and uncertainty as to the future have all conspired to slow down the 'whoopee' expenditures so prevalent a year or two ago."

"All of the many forms of amusements—from movies to cabarets and roadhouses—reflect this fact."

"Economic chastisement has brought the American people home, and they are viewing their homes with more critical eyes since those homes must now be the centers of their social life to a greater extent than during the past four or five years."

"And ultimately, as conditions improve, these facts will result in an increase in home ownership as the safest possible form of investment."

Tangled Books of Uncle Sam

A study of the method by which
the Inland Waterways can show a profit

By FRANK M. PATTERSON

WHEN the Government competes in private business against its own citizens it has so many unfair advantages that common sportsmanship should dictate that the score be accurately kept.

Thus, when we find, on reading the report of the Inland Waterways Corporation for the calendar year 1930, that the Corporation's operating profit was \$65,177 and its profit and loss surplus \$46,336, we are inclined to accept the figures at face value. Surely the Waterways Corporation, as a common carrier, would use the same accounting system that the Interstate Commerce Commission prescribes for the railroads. At least, the term "operating profit" should mean what it means in any private accounting system—the amount remaining from operating revenues after all operating expenses have been deducted. Such an assumption reveals lack of familiarity with the vagaries of government bookkeeping. In the Waterways Corporation's report, "operating profit" means nothing of the kind.

To understand how a profit of \$65,177 may be fabricated out of thin air it is necessary to examine the report.

Of the total "operating profit," \$46,767 is credited to the Federal Barge Lines, one of the Corporation's subsidiaries, and \$18,410 to the Warrior River Terminal Company, another subsidiary. On their faces, the income accounts of these two companies seem to include all proper charges of operation, but a close study of other sections of the report, reveals that the expenses of the Washington office were \$57,617. This should be included in the item "general expense." But when we examine the details of the balance sheet we discover that it has been charged direct to profit and loss.

It is true that the net result, so far as profit and loss is concerned, would be the same whether this amount be charged to operating expense, where it belongs, or handled as it is in this re-

port, but it is plain that the latter procedure causes a violent distortion of the income account. Its inclusion in operating expenses would reduce the net income of the Corporation to \$7,560, or .03 per cent on the total investment of \$23,957,901 as of December 31, 1930.

Any reasonable allocation of the expense between the two subsidiaries would show an operating loss of approximately \$10,000 for the barge lines.

Taxes are eliminated

A FURTHER study of the income account shows tax accrals of \$3.31 for the barge lines, as contrasted with a charge of \$24.44 in 1929. While this reduction amounts to only a trifle in money, it is impressive in its proportions, 86.5 per cent, notwithstanding a gain in so-called net income of \$156,496 and an increase of \$932,904 in the value of real property and equipment.

So much for the alleged profits of this corporation which, as a creature of the Government, is able to avail itself of many advantages denied to business enterprises.

The avowed purpose of this concern is to demonstrate that transportation on the Mississippi and Missouri rivers and certain of their tributaries can be made attractive to private capital, at the same time reducing freight charges for the whole country.

For this reason it is even more important that the operating expenses should include all the items that a carrier under private ownership would properly charge to that account. Otherwise there are no data to afford a real comparison.

Since no private concern considering the promotion of a transportation system on our rivers involving a capital of \$24,000,000 would accept the figures showing the net income of the Waterways Corporation without careful analysis, the thought arises—unjust though it may be—that the glowing reports of the Government's venture in commercial

transportation are meant to influence the voters, whose representatives vote the funds to carry it on. Stockholders as a class pay little attention to annual reports beyond noting the net income and the average voter has this disinclination to the *n*th power.

The seeker for facts will have no difficulty in obtaining a complete financial history of the corporation. It has been in existence only seven years and its annual reports are easily available.

He will find that, when the corporation was launched in 1924, it received from the Government assets valued at \$11,958,283 in return for \$5,000,000 in stock, and, in the text of the 1930 report, he will note that the average net income has been about \$81,000 a year.

Bearing these figures in mind he will be surprised to find that the operations to December 31, 1930, have resulted in a profit and loss deficit of \$443,413, despite the fact that \$443,031, representing donations from other government departments, is included in "net worth," instead of appearing as a liability, as is required under the classification of accounts for carriers by rail.

A profit becomes deficit

HE WILL note that there are no bonds outstanding and that the only liabilities except the stock issue are of a current nature. He will derive scant consolation from this since he knows that no private concern could hope to obtain net assets of almost \$12,000,000 in return for \$5,000,000 in stock as this corporation did. It would be necessary to issue bonds for a substantial part of the capital. An optimistic estimate would place five per cent as the minimum rate of interest. With this realization, the fact that the Waterways Corporation has no bonded indebtedness is of only academic importance.

Turning next to the income account of the barge lines he will recast it in accordance with business practice by adding \$57,617—expenses of the Wash-

Frosted foods



Solving the problem
of packaging perishables
in a variety of sizes . . .

THE packaging of meats, fish and other perishable foods, made possible by quick-freezing, is one of the most important developments in the food field in recent years. Thoroughly in line with modern buying habits, this new achievement points the way to broader merchandising possibilities, new channels of distribution, and larger consumption by the public of meat, fish products, and other perishables.

The General Foods Corporation, like so many other concerns launching new products, brought the problem of packaging their frosted foods to the Package Machinery Company. They required a water-proof, air-tight package which would protect the product from desiccation—keep it thoroughly fresh and wholesome. And, the machine which performed this wrapping had to be designed to handle packages in a wide variety of sizes.

The new flexible wrapping machine which we developed for them

meets their requirements perfectly. We show here some of the various sized packages which a single one of these machines is now wrapping. The cartons are tight-sealed in moisture-proof waxed paper. A new type water-cooled discharge conveyor cools the heat-sealed wrappers the moment they leave the heating plates. This rapid cooling of the wax results in a more secure seal. Changes from one size package to another are quickly made by simple adjustments.

Bring your problem to us

Our machines are used by the leading package goods manufacturers in many different fields. Why not avail yourself of our wide experience—to improve your package or to lower your costs? Get in touch with our nearest office.

Package Machinery Company
Springfield, Massachusetts

NEW YORK CHICAGO LOS ANGELES
LONDON: Baker Perkins, Ltd.



When writing to PACKAGE MACHINERY CO. please mention Nation's Business

ington office—to the general expense, bringing that charge to \$341,988 and bringing the total operating expenses to \$6,024,609.

Assuming that taxes would amount to six per cent of the gross operating revenues and that half of the capital would be raised by the issue of five per cent bonds, he will have a revised income account something like this:

REVISED INCOME ACCOUNT	
Operating revenues	\$6,129,213
Operating expenses	6,024,609
Net operating revenue	104,604
Tax accruals	367,753
Net operating deficit	263,149
Other income	18,251
Gross deficit	244,898
Deductions from gross income	
Miscellaneous rents	133,702
Interest on funded debt	575,000
Total deductions	708,702
Total deficit	\$953,600

A corporation engaged in business cannot be considered successful unless it can keep its capital intact and earn a surplus over interest at the going rate on its investment. On this basis, even conceding that the Waterways Corporation should not pay taxes, the barge lines should have a net income of \$911,431 barely to break even, with interest at four per cent on its investment; a private concern, with the same investment, having to pay six per cent of its gross operating revenues as taxes and with interest at five per cent, would require a net operating revenue of \$1,488,790 to escape loss.

Public ownership should pay

THE more intelligent among the advocates of government ownership and operation of public utilities are beginning to admit that the success or failure of such activities should be judged on the same basis as similar concerns under private ownership, except that the former are relieved of the necessity of earning a profit.

The old idea that the loss of taxes and return on the capital invested is offset by the lower rates to consumers is now conceded to be unfair for two reasons. First, because in most cases where the rates are lower it is at the expense of sound economics; second, because of the inequity of making the taxpayers as a whole pay the costs of lower rates from which only a few benefit.

On the subject of taxes, the chairman and executive of the Waterways Corporation contends that that concern, operating government property, should

BURSTING OF MAIN JAMS SPAN TRAFFIC

**Floods Cellars at 8th and Race
and Perils Foundation
of Building**

Shooting a stream of water twenty feet into the air a water main break at 8th and Race streets at 5:20 A. M. today ripped holes in the sidewalk and street, flooded cellars, delayed



**To avoid this
use
READING PUDDLED IRON
PIPE**
READING IRON COMPANY
PHILADELPHIA

Science and Invention Have Never Found a Satisfactory Substitute for Genuine Puddled Iron

The most important equipment in any place of business after closing hours is the system that checks the watchman



A Detex Watchclock System will usually recover its cost during the first year in the savings in insurance rates it brings.

The cost for complete installation will be low, depending upon the number of stations. One clock will register from 1 to 32 stations. The operating and maintenance cost also will be low.

Your insurance broker or rating board can give you the information of the possibility of rate reductions. Complete information on the system will be sent on request.

DETTEX WATCHCLOCK CORPORATION

4153 Ravenswood Avenue, Chicago, Ill.
29 Beach St., Boston 80 Varick St., N.Y.
Room 800, 116 Marietta St., Atlanta

NB-4

DETTEX

Representatives in all large cities in America and abroad

When writing please mention Nation's Business

not be taxed, or in any event, should not be taxed at the same rate as the railways.

He backs his argument by citing that, whereas the taxes of the Class I railways in 1928 were 6.37 per cent of their operating revenues, the taxes of carriers by water were only 1.55 per cent of their operating revenues.

This is interesting, if only as another illustration of the vagaries of our tax laws.

Similar railroads pay high taxes

AVERAGES may mean much or little, but in this case they may be clarified by reducing them, as nearly as may be, to a common denominator. This can be done by selecting railways having approximately the same operating revenues and operating in the same states as the Waterways Corporation.

In the Interstate Commerce Commission report for 1928 only two railways were found in this classification. One of these, with a property investment of \$20,956,000 and operating revenues of \$7,510,350, paid taxes of \$368,838, or at the rate of 4.9 per cent of operating revenues.

The other, with a property account of \$19,686,081, was taxed for \$553,315, a rate of 10.2 per cent, the rate for the two averaging almost exactly seven per cent of their gross operating revenues.

Further search revealed two other railways in an adjoining state with approximately the same operating revenues on which they paid taxes at the rate of 4.3 and 9.4 per cent, respectively, for an average of 6.5 per cent.

Assuming that water-line carriers should be taxed at the same rate as the railways, the six per cent we have used in the revised income account seems too small.

High cost of right of ways

IT MUST be remembered that all the figures in the foregoing apply only to the Inland Waterways Corporation and ignore the great expenditures by the Government to keep the rivers navigable.

It is difficult to ascertain these amounts or to allocate them to individual carriers, but their magnitude may be surmised from the ingenuous statement of the executive and chairman on page 21 of the report for 1929. He says:

"They [the navigable rivers] were created by the people as free right of ways for the people, that cheap transportation might be made available, and if the cost of their upkeep be charged to

the few operators thereon, the only result would be to destroy their value as water right of ways by raising the cost of transportation by water so high that no carrier could operate and the whole policy of Congress would be defeated."

This in itself is enough to show the unfairness to the taxpayer in the expenditure of public funds for work which has no economic justification.

But there is a graver aspect, in that the Government, entering the business of commercial transportation, avails itself of the advantages of sovereignty to the detriment of its individual competitors.

Advocates of inland-river traffic stress the value of a coordinated system in which the railways and the barge lines shall be important factors, citing as an advantage to the former the increased traffic that would accrue to them. These arguments are far from convincing and such cases as have been adduced in their support have been ill-chosen. In the 1930 report the chairman calls attention to the great aluminum works at East St. Louis, made possible by the Federal Barge Lines, which granted rates on bauxite from British Guiana competing with those to Baltimore.

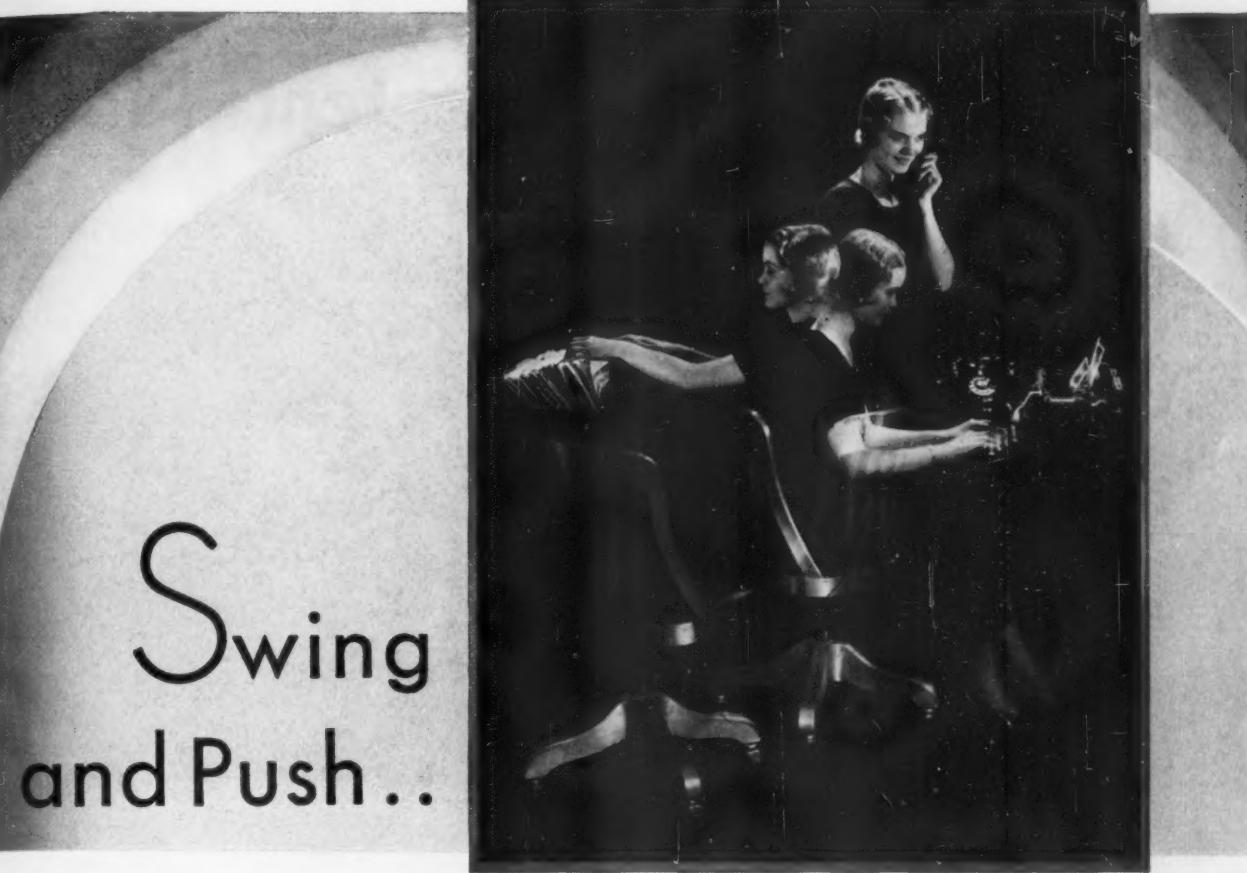
This example would have more weight were it not for the fact that the Waterways Corporation's report for 1930 shows that no bauxite was transported by it during that year.

Maine Helps Business By Train Display

THE PEOPLE of 23 states and the District of Columbia have a better knowledge of the State of Maine and the diversity of her products as a result of the tour of the Better Business Special which recently ended after covering 6,400 miles.

The tour was sponsored by Governor Gardiner of Maine, the Associated Industries of Maine, Maine Development Commission, State Agricultural Department, Maine Chamber of Commerce, Maine Publicity Bureau, the City Government of Portland, and several Chambers of Commerce throughout the State, one of the most active being the Biddeford-Saco Chamber of Commerce.

Prominent manufacturers and leaders of Maine's industries were passengers on the special train which also carried convincing displays of Maine-Made products.



Swing and Push...

Its 50% lighter weight eases the strain of "tough" days



Take a good look at this business of "just sitting in a chair all day". Watch your secretary for a few minutes. She swings around to the file—jumps up, then hurriedly pushes back her chair as she hastens to silence the telephone—swings back into her chair and goes to work pounding out that letter you've said must catch the air mail. Swing and push, dip and tilt—both she and her chair are under pressure all day long. Even when she's typing, every tap courses through her chair to pound on her nerves.

There's one thing you can do about it—you can replace her old, heavy, solid, cumbersome chair with an Alcoa Aluminum Chair. Its light-weight one-piece frame will absorb the shocks that now jar her nerve centers.

Made of the same light, strong alloys of Alcoa Aluminum that are used for airplanes and coal trucks, the frame of each of these chairs is welded into one continuous piece. Its joints are permanently-tight. Fifty per cent lighter than similar chairs of other materials, Alcoa Aluminum Chairs may be pushed around with one finger. They are comfortable, too—supporting and relaxing the back.

Chairs of Alcoa Aluminum come in three natural aluminum finishes, or any other color; in any upholstery; in a wide range of designs for offices, homes, hotels, restaurants and hospitals. For literature on the type of chair which interests you, please address ALUMINUM COMPANY of AMERICA; 2425 Oliver Building, PITTSBURGH, PENNA.

Chairs of ALCOA ALUMINUM



When writing to ALUMINUM COMPANY OF AMERICA please mention Nation's Business

Yours Received and Contents Noted

Some Readers' Views on Current Topics

Can you answer these?

To THE EDITOR:

One more subject should be added to the curriculums of our high schools, "Elementary Economics for the Citizen," the object being to give the young man or woman some rational ideas of the laws of compensation, distribution, and of the student's place and prospects in the economic scheme of things.

The education of the individual citizen in this respect should improve our social order, perhaps slowly, but surely, just as education has done for us in other ways. Could you make a passing mark, for instance, on a few questions like these:

1. If producing an article in larger volume reduces the cost of producing it, how would you account for the fact that the selling price of commodities is higher in periods of greater commercial activity?

2. (a) Would you say that any benefit accrues when the national debt of a state is reduced while the collective debt of its citizens is increased a greater amount?

(b) If an excessive national debt of either or both of the above types tends to check business in good times, would a further increase in public debt create prosperity in poor times?

3. How are the seeds of a depression planted at the very beginning of a wave of prosperity?

4. Bank statements are issued quarterly. What can you learn by a comparison of these statements of the trend and developments in your community or the nation?

5. (a) Much blame has been attached to the automatic machine as a cause of our present troubles. What about the previous depressions which occurred before the advent of the automatic machine?

(b) Can it be shown that the machine has tended to lessen the severity of the present depression, or that it may help to restore a greater prosperity?

6. How may an intelligent citizen, by following sound economic law, avoid recurring depressions and receive full benefit from the advances of modern science and organized society?

Had the rank and file of our people in 1920 been able to give logical answers to such questions the history of the last decade might have been different. We are now sadder but wiser.

R. E. NEWELL
604 Oak Street
Irwin, Pa.

The cleaning business

To THE EDITOR:

Having been engaged in the dry-cleaning business for some 12 years, and having seen it descend from a profitable industry to one of unscrupulous methods, I would like to inquire what your solution might be for the apparent ills of our great industry.

It is true the cleaner of several years

back undoubtedly "killed the goose that laid the golden egg" by excessive charges for his work. Today the charges are as much too low as they were once too high. Our machinery companies are a great deal at fault because they have encouraged the individual with small capital to open a pressing shop by selling him equipment on small deposit and long-time payments.

These long-time contracts were made when times were considerably better and when people expected inflated values to continue throughout the ages.

It seems as though the fallacy of our industry is price-cutting. Each one is trying to fill his plant with business whether it is profitable or not.

GRAYDON COLLIER
Anderson, Ind.

Government efficiency

To THE EDITOR:

It is my opinion that NATION'S BUSINESS is doing more than any other agency to awaken the American public to the necessity of demanding a drastic reduction in the cost of government.

There are too many "dead-heads" in most public offices; people with but little education or training for their positions, whose duty is to serve some influential politician, directly or indirectly.

The writer made a two-day check on the efficiency of a public department recently, to determine the approximate number of hours "actually worked" by each of 500 employees. The results showed the actual working time to be from one hour and 21 minutes to three hours and 34 minutes, or a total of 1,408 hours a day for the entire force. An efficiently operated plant by private industry would show a total of 3,750 hours for the same number of people. Of course, to show the true condition the test should be extended for several days.

JAMES L. REGAN
R. & S. Efficiency Company
St. Louis, Mo.

The short month

To THE EDITOR:

What is the cure for present depression and unemployment? It is simply to get everybody to work and thus make consumers and producers at the earliest possible date. This may be done by dividing available work, a division long proposed but for which no acceptable plan has been advanced. Yet there is a practical way to achieve this division, and that is through the *shorter month*, the twenty-day month, three-week month, or whatever it may best be called.

Under this plan, every person employed would be required to take a four- to six-day leave and a substitute would be employed to do his work. More desirable, in some cases, would be an eight- to twelve-day

leave every two months. Then, as conditions improved, the days off could be gradually reduced.

In this way, say with five-day leaves, every four of the millions of employed would provide work for a fifth, who, with an income and assurance of work would purchase his needs. Staple industries would thus begin to regain normal production. The tide would be turned, the ascent begun.

To inaugurate the plan, wide publicity should be used. A date should be set, department heads should get ready with the relief men. Governors of states, chambers of commerce, industrial leaders should be enlisted.

There will be little dissent. Employers will approve it because it costs them nothing; some labor organizations have already tacitly approved.

The flexible shorter month may not be the ultimate solution for future periods of depression, but it will divide the work now, equably, without dissension, and without costing a cent.

O. T. ALEXANDER
1021 H Street
Sacramento, Calif.

Argentine turkeys

To THE EDITOR:

Denis P. J. Burguiere of Louisa, La., deplores the fact that 400,000 Argentine turkeys were eaten in America on Thanksgiving day. I had the good fortune to eat turkey on that day and if it was an Argentine bird I salve my conscience with the thought that it was largely paid for with marks, francs, pounds, etc. received for my dried prunes and canned pears which were sold in Europe. Much of the cotton money that Louisiana enjoys was once marks, francs, etc.

I am anxious that this foreign money return home soon for I have another crop coming along and I hope to sell much of it in Europe. And if it should return via Argentina who should begrudge it this little jaunt?

Were it possible to always take and never give I doubt if it would prove comfortable.

WM. ADAMS, Orchardist
Wrights, Calif.

Those same turkeys

To THE EDITOR:

Referring to the letter of Denis P. J. Burguiere in NATION'S BUSINESS of January, I really think that it is quite all right that our American friends should make their cake with butter and milk from Holland.

If this is stopped we shall be unable to buy Ford, Chevrolet or Dodge cars, to shave ourselves with a Gillette razor and Palmolive soap, to repair a leaking tire with

Your Baker Saves You Trouble and Money

And International Trucks Save Trouble and Money for Him



INTERNATIONAL

THE baking industry has grown to great proportions because it renders a great service. It has lifted a burden of drudgery from the tired shoulders of Womankind. Taking unto itself the making of the bread, the cakes, the cookies, and the pies, for which the human palate eternally hungers, the baking industry has emancipated the American kitchen.

Besides that, the scientific methods of the modern baker have done much to elevate the standards of the American household.

And then there is the factor of economy, that every woman knows. If she has no other reason to patronize the baker she does it to save money.

The baking industry sells at low prices because it has learned how to

produce and deliver at low cost — and that is where International Trucks come in. Delivery cost is a very important item in this industry, most authorities agreeing that it averages one-fifth of the total cost of bakery operation. In contrast we are pleased to present, at the right, the experience of two well-known baking concerns operating large fleets of International Trucks.

Hauling costs of 5 or 6 cents per mile for quality trucks must interest every user of trucks today, whether he be butcher, baker, or candlestick maker, builder, bottler, or hauler of any other product. Thousands of firms, small and large, in and out of the baking business, have learned that to use Internationals is to cut hauling costs.

Records of Chicago and Boston Bakeries Show International Economy

Schulze Baking Company, Chicago, operates more than a hundred International Trucks. Accurate cost records, based on over two million miles of truck travel in twelve months, show operating cost to be only 5½ cents per mile.

Hathaway Bakeries, Inc., Boston, operate 283 Internationals in the Boston area. Trucks operating more than 600 miles per month (the great majority) do so at the low cost of 5½ cents per mile. Both Schulze and Hathaway figures include all possible charges except salesman-driver hire.

Whether you figure delivery costs per mile or per hundred pounds of product delivered, your records will show big operating and maintenance savings when International Trucks are used.

Ask for demonstration of the New 1½-ton 4-speed Model A-2. Now reduced to

\$615

for the 136-inch wheelbase chassis f. o. b. factory

Other sizes range from ½-ton to 5-ton. International Company-Owned Branches at 183 points in the United States and Canada.

INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. OF AMERICA (INCORPORATED) Chicago, Illinois

INTERNATIONAL TRUCKS

When visiting an INTERNATIONAL TRUCK dealer please mention Nation's Business

Guilty!

Court-room NOISE was wiping out convincing testimony. Johns-Manville made it possible to HEAR perfectly . . .

"Mr. Foreman, have you agreed upon a verdict?"

"We have."

"How say you?"

"We, the Jury, find the defendant NOT GUILTY."

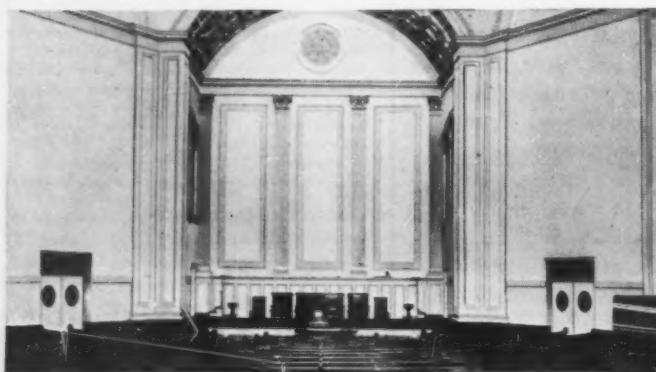
IT is outside our province to dispute, in any way, the carefully considered decision of the Jury. The case is closed and sealed, officially. But actually the defendant was guilty. Step by step, the cross-examination of the witnesses revealed that fact. Step by step—logically and convincingly, the prosecution proved it.

Then why did the Jury render the opposite verdict?

Because they could not hear the complete testimony. Because noise and faulty acoustics, within the court room itself, prevented the Jury from getting a clear, concise, uninterrupted picture of the case. Because, in all sincerity, they dared not convict this man on spotty and insufficient understanding of the evidence.

NOISE did it. Invariably noise "does it." Noise was

but the jury



A church divided against itself

Those who sat no more than halfway back in the First Presbyterian Church, Chattanooga, Tenn., might hear the minister. Beyond that, it wasn't possible. Sermons produced entirely different reactions on the same audience. J-M Acoustical Treatment was applied. Acoustical properties are now reported excellent.

so damaging in the Fulton County Court House, Atlanta, Georgia—for example—that it was even necessary to stop court proceedings when street cars passed.

NOISE can be blotted out. Faulty acoustics can be eliminated. ABSOLUTE QUIET, perfect hearing conditions can be substituted instead. J-M Acoustical Treat-

Lecturer's voice bounced like a ball

Lecture rooms in the new Chemistry Building at Hamilton College, Clinton, N. Y., presented a serious problem. The lecturer's voice "bounced" against the hard interior surfaces, produced annoying echoes. Students had to "strain" to hear. It was impossible to face the blackboard, talk at the same time. During Christmas recess, 1930, these rooms were acoustically treated by Johns-Manville. Now the lecturer faces the blackboard—talks. The students hear perfectly.



When writing to JOHNS-MANVILLE

refused to convict—



ment shut out all the distracting noises from the Fulton County Court House here mentioned. With equally impressive success, Johns-Manville has achieved acoustical perfection in schools, churches, theatres, hospitals, court rooms, offices, auditoriums, dining cars, in fact in public and private meeting places of every type and

description. Result—added efficiency, added comfort.

Whether your problem is noise quieting or acoustical correction, Johns-Manville has the method, the materials, the experience to solve it. Ask to have a Johns-Manville Acoustical Engineer call. Address Johns-Manville, 292 Madison Ave., New York City.



"Distressing to patients, doctors, nurses"

The importance of *quiet* in a hospital cannot be overemphasized. Noise has a most serious effect upon the patients. Also upon the doctors, nurses and attendants who are responsible for the care and recovery of the patients.

When, in 1926, specifications were prepared for the Bethesda Hospital, Cincinnati, Ohio, sound-absorbing treatment was not considered necessary. Noise complaints from patients and staff soon after

the hospital opened, however, proved this to be an unfortunate decision.

J-M Sanacoustic Tile was first installed on the ceiling in one of the corridors. When this work was completed, improvement was so marked that other corridor ceilings were treated. Today, J-M Acoustical Treatment has been applied in the administration offices as well as other parts of the building. Everyone is impressed with the prevailing *quiet*.

Johns-Manville



CORPORATION *please mention Nation's Business*

Controls

HEAT, COLD, SOUND, MOTION

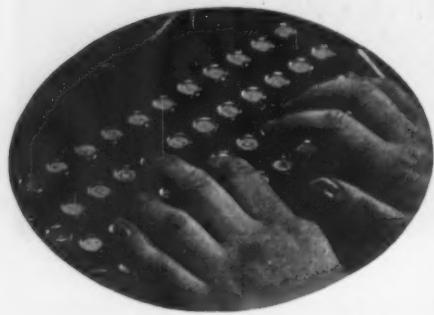
Protects against

FIRE AND WEATHER

Voice writing WILL BUILD



**WHEREVER A
TYPEWRITER
CLICKS**



Gearing itself to your business, Voice Writing produces maximum work with minimum effort.

Executives enjoy Ediphone Voice Writing! Quick as thought, electrically controlled, it gives them free time in which to create and plan.

An investigation costs nothing! Telephone "The Ediphone" your city. Or, mail the coupon.

Ediphone National Service is guaranteed and proved by years of Edison performance.

THOMAS A. EDISON, INC., ORANGE, N. J.

**TALK-PLAN-SELL
with the
Ediphone**
EDISON'S NEW VOICE-WRITER

GET THE DETAILS!

THE EDIPHONE • ORANGE, NEW JERSEY N-2

I'm in the _____ business.
How can VOICE WRITING help me?

NAME _____
ADDRESS _____

When writing please mention Nation's Business

a Shaler Vulcanizer, to use American typewriters, etc.

In our factory (knitted goods) we are pleased with Wildman (Norristown, Pa.) knitting machines, but we could not possibly buy them if you did not buy our products!

All the trouble we are now in, is caused by the silly wish to force Germany to pay reparations in gold, at the same time not allowing her to import into the U. S. A. Does Germany have gold mines? No. How then can she get gold? Well, only through exporting goods!

B. BERENDS JR.
*Fantasielabriek
Dedemsvaart, Holland*

And once more

TO THE EDITOR:

It is astonishing to Englishmen that Americans can hold the views expressed in the letter entitled "Thanksgiving" and yet I suppose Mr. Burguiere expresses the views of the majority in your country.

The United States are always regarded as the high priests of protection and have for many years exported twice as much as they have allowed to be imported.

Are Americans seriously endeavoring to put everybody else in the world out of business?

Great Britain is America's best customer and in the present conditions especially it is only reasonable that we should ask America to give us more business.

We are, it is true, now being compelled to put tariffs on imported goods, but it is not because we believe in them. It is, in fact, generally agreed over here that the present world depression is in the main due to tariffs and war debts. There are, of course, other causes such as overproduction, etc., but these are pygmies while high tariffs and war debts are giants in the way of world recovery. We are forced into protection because of the restrictions put upon trade by other countries.

As a matter of fact the best service that America could do the world today would be to give a clear lead toward universal free trade. Either lower tariffs or a lightening of war debts and reparations, or both, will soon be found inevitable if world peace is to be maintained.

J. A. HARDING
*Paragon Chemical Company Ltd.
Baxenden, England*

Blames married women

TO THE EDITOR:

As a business woman, I am not trying to tell the men how to end the unemployment problem; yet, as a woman with the nation's interests at heart, I would like to see the men of the country assert their manhood. Fortunately, most of the executive positions of the nation's business are still held by men, and to you men I say: automatically dismiss married women from commerce, and you will solve some of your problems. Is it fair for a married woman to retain a position in order to live on a higher scale than her husband can afford, when many men are unable to find work of any kind to support families? I think not. Of course, we women are too selfish voluntarily to

give up our luxuries and so-called independence. It remains for you men to see that conditions are changed.

The existing condition of two salaries to a family of only two people is not only causing untold misery among the unemployed both for men and unmarried women, but is eating at the very heart of America's manhood.

LOLA M. ARMSTRONG
Palestine, Illinois

Price as a salesman

TO THE EDITOR:

I have just read with much interest the article, "They'll Buy Now if We'll Sell Now."

In the main the thoughts expressed meet with my definite accord. I, however, take definite exception to one statement.

I have, for a long time, been engaged in the food industry and my observation and experience convinces me that the factor of price as suggested in your article is largely responsible for the serious condition in which the industry finds itself.

Food manufacturers have gone out with the idea that "price is one of the most effective salesmen in the world," each trying to stimulate sales that were, it seemed, impossible by other means, only to be met and bettered by some competitor until the industry has reached a point where the cost of production has no bearing whatever upon the price at which a commodity is sold.

The net result is that most of the concerns in the industry are bankrupt or nearly so and this condition is reflected to those who have anything to do with its operations.

LUCIAN A. RAY
*Ray and Whitney Brokerage Company
Salt Lake City, Utah*

Time to act

TO THE EDITOR:

The government business bureaus or commissions are certainly upon us, and the question is: How are we going to correct this? Both branches of the national legislature are more or less given to an attempt to perpetuate the individual in office. With this thought uppermost in the minds of the members, it is apparent that their sole thought must be jobs for their constituents, the result being that not only in the national, but in state, county and municipal government, the same condition maintains to a greater or lesser degree, generally greater.

I quite agree with your expressed thought, that the time is ripe for the public to make certain demands upon the officials. Taxes are mounting at an alarming rate, and we are apparently facing the problem of a socialistic government; the individual will be eliminated, and may God help the man who has initiative as well as independence, and who asserts the principles laid down in the Declaration of Independence and the Constitution of the United States, or attempts to live in accord with the ideas which dominated our forbears.

J. O. A. CARPER
Denver, Colorado



SHOULD YOU SEND GOOD MONEY AFTER BAD?

If you are a member of a banking firm, investment house, or protective committee that must answer this question, you must have exact information on the value of the properties involved. Such information, to be authoritative, must come from careful analysis and be checked and interpreted by an experienced technical organization.

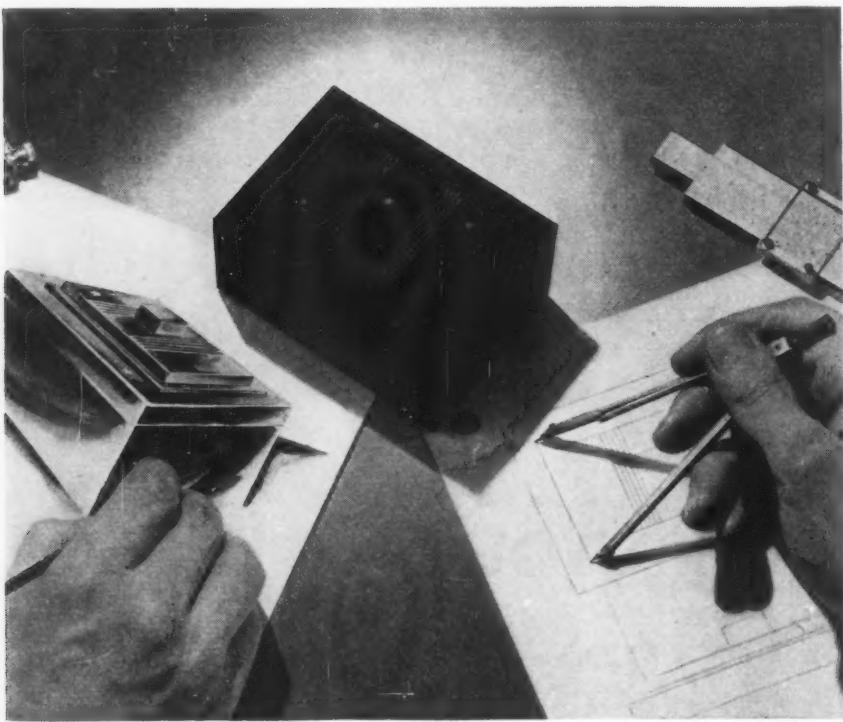
Our services are immediately available for all problems demanding conservative, forward-looking analysis.

Address our New York office, 90 Broad Street.

STONE & WEBSTER ENGINEERING CORPORATION

A SUBSIDIARY OF STONE & WEBSTER, INCORPORATED

BUILDERS and ENGINEERS for the BUSINESS LEADERS of AMERICA



Combining the artistic— and the practical

There is no doubt that beauty is a leading sales appeal, but products designed for beauty frequently are not practicable. It is often impossible to reproduce the artist's conception with the tools the mechanic has at his command. However, Bakelite Molded is able to combine both elements, reproducing beautiful design practically and economically.

Lustrous finish, attractive colors, and conformity to many designs are qualities that admirably suit Bakelite Molded to the requirements of the artistic and the practical. To the designer, Bakelite Molded is a new material for design expression; to the production man it is a new means of achieving production economies. To the salesman, it is a new talking point. Durability, dependable operation and lasting service are factors of importance equal to fine appearance and

ease of production. To make your product beautiful, serviceable and economical to manufacture, let us help you select the correct form of Bakelite Materials and the most practical design.

Write for Booklet 1M, 'Bakelite Molded.' This booklet will give you full information about this material and the way it lends itself to artistic and practical design. Write us for information regarding this material.



BAKELITE CORPORATION, 247 Park Ave., New York...635 W. 22nd St., Chicago
BAKELITE CORPORATION OF CANADA, LIMITED, 163 Dufferin Street, Toronto, Ontario

BAKELITE

REGISTRED
U.S. PAT. OFF.
The registered trade marks shown above distinguish materials
manufactured by Bakelite Corporation. Under the capitol "B" is the

numerical sign for infinity, or unlimited quantity. It symbolizes the infinite
number of present and future uses of Bakelite Corporation's products.

THE MATERIAL OF A THOUSAND USES

When writing to BAKELITE CORPORATION please mention Nation's Business

Twenty Ways To Make Profits

(Continued from page 20)

the company had \$13,812,652 in cash, exclusive of an amount sufficient to retire the entire outstanding 5.5 per cent bonds. These bonds, totalling \$13,758,000, were called on January 1 this year, reducing funded debt to \$19,921,150.

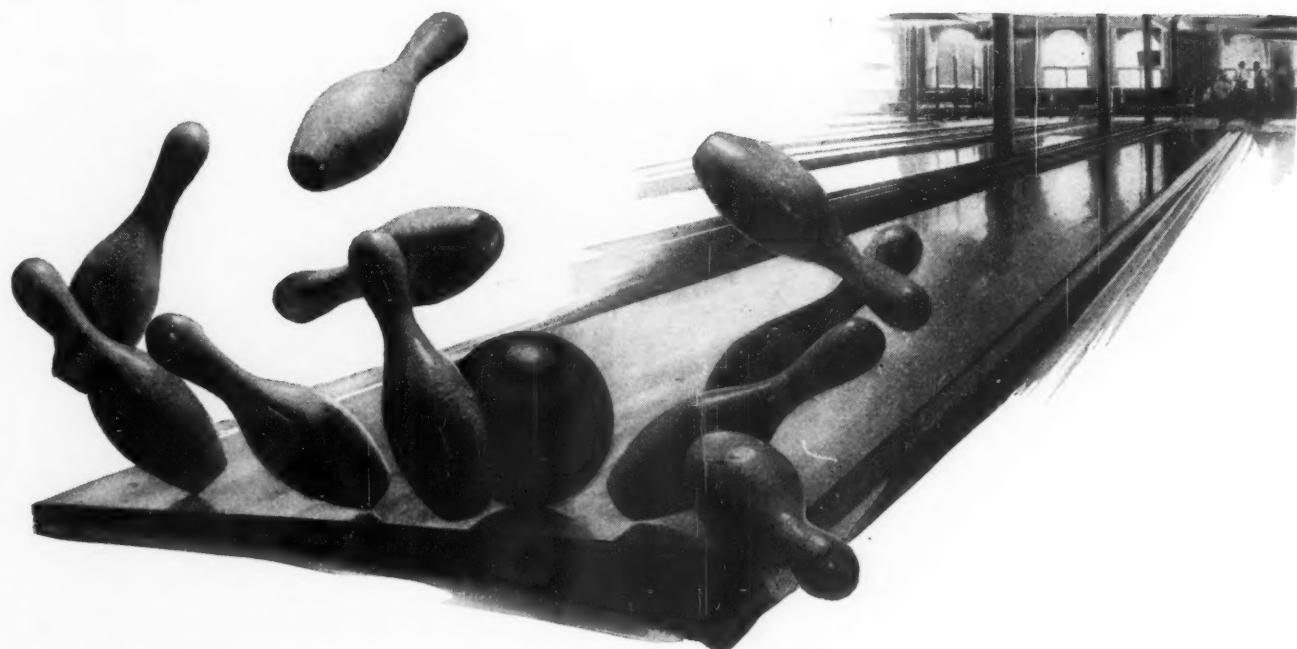
The report of the United States Tobacco Company brought another company in this industry into the honorary line-up of concerns reporting higher earnings for 1931. Wall Street believes the tobacco companies have been lucky in this depression because they have been developing a much wider market for their product in the form of new women smokers. This is a plausible argument, but it does not hold in the case of the American Snuff Company, which recently reported higher earnings along with the tobacco companies.

The operations of the American Tobacco Company, to quote its president, George W. Hill, "have been extremely satisfactory." A large part of the sales activity, he explains, "must be expressed in forceful advertising" and in 1932 "the American Tobacco Company will continue the aggressive advertising policies which have characterized its sales efforts during the last few years."

Better merchandising

OF PLANS for the future, he said, "The maintenance of cigarette sales at a high level and with only a slight decrease from the peak years of 1929 and 1930 has been due to the merchandising courage of the tobacco companies. The industry, the diligence of these companies in their sales efforts have provided a market for our tobacco farmers and have paid wages and salaries to the hundreds of thousands engaged in manufacture and distribution. The American Tobacco Company, and I feel sure I can say the other large units of the industry also, will face the problems of 1932 with even more courage and determination than we did last year. We have done well but we cannot rest on what we did in 1930 or 1931. We have a product to sell and it can be sold if we express our faith and courage in determined action."

However rare last year the clink of cash in American tills the Ohmer Register Company is strengthening its staff to push sales of its cash registers and accounting machines—"successfully used



Bowl it again to prove it's a Strike? I should say not!

A CLEAN strike, all ten pins down, checked, proved and scored—there they are.

The New Noiseless Monroe has brought the same first-time certainty of accuracy to the production of business figures. You get "Spot-Proof" of the accuracy of each step in every problem as you finish that step. The final answer is a proved answer, and proved answers need no refiguring.

To your own business, "Spot-Proof" means that any time now spent refiguring to prove the accuracy of answers is an unnecessary cost.

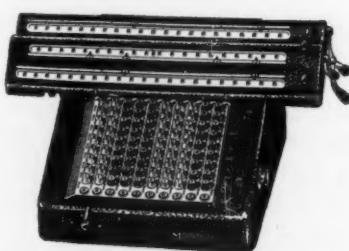
Monroe "Spot-Proof" is the

greatest advance in business figuring since the first Monroe was made in 1912. It is possible because of several radically new features of the Noiseless Monroe—new shadow-ring keyboard, new accumulator dials, negative and positive, new half-cent and split dials.

The pamphlet "Spot-Proof" will give you further information on this far-reaching new economy in business figuring. It shows such definite problems as a payroll, an invoice and a proration done the Monroe "Spot-Proof" way. Send the coupon today for your copy.

The New Noiseless Monroe

Unbelievably quiet. Speedy. Handy in size, and 20 to 25 pounds lighter than other calculating machines of like capacity.



MONROE
HIGH SPEED ADDING-CALCULATOR
The Machine for Every Desk

Monroe Calculating Machine Co., Inc., Orange, N. J.
Please send me a copy of "Spot-Proof".

Name _____

Address _____

City _____ State _____

Before you give up your good idea as impossible...

Every day, good ideas are let die because they look impossible, or at least too costly. Give them a chance; do not let one opinion settle their fate.

A washing machine manufacturer had such an idea for a tub. The wall was to contain fifteen deep flutes, and they had to stop short of the bottom and top. Instead of giving up, he came to G. P. & F.

The half century of experience, the engineering skill, the versatile equipment of G. P. & F. produced this tub at a cost which enables him to sell a washer with exclusive advantages for a price competitive with ordinary washers.

Now, when price and sales features are so vital, don't pass up any chance. Let us give an opinion at least, especially since it costs nothing but a letter.

And on stampings or castings you have been using, send a blueprint for a bid. The experience and equipment of G. P. & F. may cut your costs.

GEUDER, PAESCHKE & FREY CO.
Sales Representatives in Principal Cities
1419 W. St. Paul Ave., Milwaukee, Wis.

**G.P.&F.
STAMPINGS**



The only washing machine with deep flutes on the tub to increase water agitation. Tub produced and porcelain enameled by G. P. & F.

Cut out this coupon and clip it to your business stationery.

GEUDER, PAESCHKE & FREY CO.,
1419 W. St. Paul Ave.,
Milwaukee, Wis.

Please send your booklet, "In Harmony with Modern Progress" to the address below . . . without charge or obligation.

Name.....

Company Name.....

Address.....

City..... State.....



POWER *competing with world prices*

Beauharnois offers abundant cheap power from a 2,000,000 h.p. site, plentiful labor, a rich domestic market, world-wide Empire markets, deep water and inland water transportation facilities. Your Canadian plant will prosper here.

Write today for Booklet B6

**BEAUHARNOIS POWER
CORPORATION LIMITED**
Montreal Canada



by some of the largest department stores in the East."

As everybody knows, department stores have found the going hard—inventory bought at prosperity prices have long outstayed their welcome on many shelves. What the Hecht Company of Washington did is told by its merchandising manager, Charles B. Dulcan, in these words:

Suddenly we got the idea that if we had the courage to take an inventory and mark down our goods to levels at which they could be replaced and buy new goods for less money, and turn our goods over and keep on turning them over, we would be able to accomplish something.

First, we marked down all merchandise that could be replaced for less money. Second, we speeded up turnover in slow moving departments by markdowns. Third, we increased our publicity program even if it increased the advertising percentage, but discovered that from increased sales our advertising percentage actually decreased. Fourth, we put pressure on home comfort departments, realizing that, with depression, less money would be spent on expensive luxuries and more on simple home comforts.

Our dollar volume increased, and the year 1931 was our biggest year in 35 years.

Hundreds of concerns made special efforts in 1931 to get business, and they found that it paid.

"They not only made profits in bad times," as the president of the Advertising Federation of America, Gilbert T. Hodges, has pointed out, "but they made an invaluable contribution to the public welfare by keeping their employees from becoming public charges, and most important, by helping to protect the great American market through the buying power placed in the hands of their employees in the form of wages."

The accumulating evidence defines 1931 as a tough year for the business equipped with old ideas. It was a good year for old faiths plus new ideas.

Radio Talks

THE weekly talks of Merle Thorpe, editor of NATION'S BUSINESS, which the National Broadcasting Company has broadcast during the past three seasons, have been changed from Thursday night to Wednesday night, and the time of the broadcasts advanced from 7:45 p.m. (E.S.T.) to 6:45 p.m.

Through this change, which became effective March 16, Mr. Thorpe's talks on business subjects are being extended to Pacific Coast stations of the National Broadcasting Company and to outlets additional to those which it previously had. Due to the working out of this change in schedule Mr. Thorpe did not speak over the Company's network during the week of March 7.



FATIGUE

You know the type of man who works under nervous tension. By 3 o'clock he is all in. Burned out. Fidgety and cranky. It is not natural for the human machine to work under internal stress.

SO IT IS WITH WIRE ROPE THAT IS NOT PREFORMED

In non-preformed wire rope, wires and strands are under constant internal stress—because they are forcibly held in their helical positions. Witness how, when ordinary wire rope is cut, the strands and wires unravel and straighten out as the internal stress is relieved.

Due to internal inherent torsional strain, non-preformed wire rope wears out prematurely. Its life is cut short because the wires fatigue earlier and the rope loses its elasticity and strength.

TRU-LAY Preformed Wire Rope Resists Fatigue Resulting in 30% to 300% Increased Service

The statement "30% to 300% increased service with TRU-LAY" is not merely an advertising claim. Hundreds of bona-fide service reports in our files prove that under the same operating conditions—and on the same equipment—TRU-LAY outwears and outlasts non-preformed wire rope by 30% to 300%.

If you are interested in lowering your wire rope costs, investigate TRU-LAY. For more facts, address:



AMERICAN CABLE COMPANY, Inc.
New York Central Building, 230 Park Avenue, New York City

An Associate Company of the American Chain Company, Inc.

Canadian Licensed Manufacturers:
Dominion Wire Rope Co., Ltd. Canada Wire and Cable Co., Ltd.
Anglo-Canadian Wire Rope Co., Ltd. B. Greening Wire Co., Ltd.

TRU-LAY Preformed
30% to 300% Increased Service

TRU-LAY PREFORMED RESISTS FATIGUE



NOTE THAT END REQUIRES NO SEIZING

This illustration is made from an honest, unretouched photograph of Tru-Lay Preformed Wire Rope. Only in Preformed Wire Rope will the strands and wires stay in position without seizing or tying the end as this photograph reveals.

In Tru-Lay, wires and strands are helically shaped so they lie in position, relaxed. There is no straightening-out tendency—no internal stress. The result is less fatiguing action, longer life, easier handling, greater flexibility, just to mention a few of the advantages of TRU-LAY.

**ELIMINATION OF INTERNAL STRESS
IN TRU-LAY PREFORMED WIRE ROPE
RESULTS IN
30% TO 300% INCREASED SERVICE**

WIRE ROPE

[Depending upon the character of
the service and type of equipment]

Paul Revere Without His Horse

(Continued from page 38)

a sale noted proudly in his day-book, or "waste-book" as he inscribed it, on October 14, 1802. Incidentally this record also shows that he received 50 cents a pound for this copper—50 cents at a time when, compared with now, a dime was worth a dollar or so. A reporter, or at any rate a correspondent, of the *Massachusetts Spy* stood on Beacon Hill one day, looked up at the State House dome and, in the issue of the *Spy* of November 24, 1802, reflected his pride of Revere's copper by high praise plus this postscript:

The only manufactory of Sheet Copper in America is in this State;—and the manufacturers above-mentioned have now ready for delivery 30,000 weight of sheet copper for covering the bottoms of the 74-gun ships ordered some years since to be built.

Sheets for "Old Ironsides"

INSTEAD of these "74-gun ships," however, six others, in the main designed by Colonel Humphreys—three warships of 36 guns, and three of 44 guns—had been started. Among these 44-gun ships was the Constitution—"Old Ironsides," which was launched September 20, 1797, from Hartt's naval yard in Boston, where now one finds Constitution Wharf.

She had been laid up for two years when, in 1803, orders were issued for her to proceed, under Commodore Preble, along with our "Atlantic Fleet" to the Mediterranean to assist in "explaining" that the United States intended to maintain her freedom upon the seas. However, since she had been laid up she had to be reconditioned. Accordingly her English sheathing was stripped off, to be replaced by sheathing of Revere's making.

Also, Revere's correspondence in the archives of the Navy Department shows that, not only did he make the copper sheathing used on "Old Ironsides," but he also provided quantities of what he called composition sheathing, nails and spikes used in her, her bell, rudder chain and many other items. In that correspondence, also, one finds him recommending that the ships of our Navy, when cruising in the Mediterranean, be ordered to put into Smyrna, to buy and bring back in ballast any available copper—

another suggestion of his difficulties as a manufacturer at a time when America was far from being the largest copper producer in the world.

Then, in still another letter, our first manufacturer of copper and most useful and versatile of patriots, patiently wrote to the Secretary of the Navy:

We beg leave to mention that it is more than two years since we have received one shilling from (the) Government tho we have been at work for them the whole time; that there is near \$15,000 due us, besides which, should you agree to take our 28 and 26 ounce copper that we mentioned in our last, we shall be able soon to finish the whole of our contract, when there will be due to us between 24 and \$25,000. . . . We are now, Sir, distressed for money. . . . You must be sensible that it requires Considerable Capital to carry on a Business the stock of which cannot be purchased but with Cash. . . .

It is to be added that in 1804, "in the Twenty-ninth Year of the Independence of the United States of America," Revere obtained from Caleb Strong, "Governor and Commander in Chief, in and over the Commonwealth of Massachusetts" a passport for his son and associate in Revere & Son, to England, where James Monroe, our ambassador, facilitated his passage to Germany and Sweden, to study the manufacture of

metal and to bring back drawings and the last word of information on copper and other metals.

Also it is to be added that after Robert Fulton's *Clermont*, the first steam-boat, had made her way, regardless of wind and weather, to Albany, John R. Livingston, Fulton's partner, wrote to Revere, under date of October 8, 1808, to say, "I am informed you have a mill for Roleing of Copper, and that you can furnish it of any size. . . ."

Sold copper to Fulton

THEN, as the result of this inquiry, Fulton ordered various shipments of copper plates for use in steamboats built after the *Clermont*, including the first steam ferry-boat, directly from Revere.

Naturally, then, they "fought," from time to time.

Indeed, on June 4, 1811, when Revere still had seven more years in which permanently to establish his firm and to meet inevitable competition in copper, his firm wrote to Fulton, aent deliveries:

. . . Your order would have been completed four weeks since but from unavoidable accidents. Our foreman left us and with him several of our best men. We then found another who has broken us four rolls and we have been obliged to discharge him. . . .

That will sound familiar to many a modern manufacturer who has sent, or received, such a letter. So, too, would many an argument these two titans had, over quality, dimensions, and gauge!

Our picture is wrong

BUT the larger picture goes back to our beginning, to the thought that it is high time that we altered our concept of Paul Revere.

He was a man of such numerous abilities and achievements that there will likely never be another like him.

Obviously, then, someone needs to rewrite that poem beginning: "Listen, my children, and you shall hear
Of the midnight ride of Paul Revere."

And no less obviously, these glimpses of Revere ought to be considered whenever any modern business man asserts that our old-timers didn't know their stuff!

PAUL REVERE,
WOULD respectfully inform his Customers and the Publick,
That he has REMOVED
from the South Part of the Town, opposite Liberty-Pole, to Dock-Square, in the Store adjoining Mr. JOSEPH BUSH, near the Market.
Where he has for Sale,
A general Assortment of Hard-Ware GOODS
Consisting of
Pewter, Brass, Copper,
Ironmongery, Plated, Jappanned, and Cutlery WARES; Files, Tools, &c. for Goldsmiths, Jewellers, Clock and Watch-Makers, Chapes and Tongnes, blue Melting-Pots from No. 1, to 20, Crucibles, very neat Scale Beams 32 Inches long with box Ends; Willard's Patent Jacks, Looking-Glasses, &c. &c.
The GOLDSMITH'S BUSINESS, is there carried on in all its Branches; all Kinds of Plate made in the newest Taste, and finished in the neatest Manner.
Constant Attendance given, and the smallest Favours gratefully acknowledged.

CULVER SERVICE
As a business man, Revere advertised his diversified work in metals

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Confessions of a Capitalist

(Continued from page 42)

tion of interest and is comparatively simple. The risk factor is a different consideration.

On this factor hangs the real case for private enterprise. The fact is that a large proportion of these risks are bad risks. It happens as often as not that at the end of the ten years the button market has changed. The button made by the ten-year-old machine is no longer acceptable, and a loss is incurred. Thus a large proportion of the machinery installed for the making and exchanging of things ten years ago is wasted and the individuals who have carried that risk have lost their money. On the other hand, of course, the risk which is carefully calculated for ten years sometimes turns out better than was expected, and the owner of the button-making machinery may be reaping a return of hundreds of per cent for the risk he has undertaken.

When all these good and bad risks are put together, the reward in the aggregate is a modest one.

Socialized industry too costly

HERE we have a powerful argument why private enterprise must be the only agency through which we can conserve wealth and insure further progress. If we were citizens of an all-providing State which undertook the manufacture and marketing of our requirements, we should have the right to call upon the State to undertake the risk, either good or bad, involved in carrying out our individual ideas. It could not decline to give to every citizen his right to have his ideas developed. The check on the exploitation of bad risks provided by the possibility of personal loss is the only check which can save us from complete bankruptcy.

Buying and selling in business is not quite so simple an operation as the uninitiated may think. A newspaper enterprise provides a good illustration of the modern workings of exchange and shows how all parties can benefit, even when exchange may appear to produce a loss. As an example of what really happens let me cite one of the weekly trade papers which I publish.

A subscriber pays me six dollars a year to obtain 52 weekly copies of this magazine. In return for that six dollars I send him in the form of his weekly magazine, paper which, before any



ONLY THE Westinghouse WATER COOLER IS *Dual-automatic*

. . . and

DUAL-AUTOMATIC MEANS DOUBLE RELIABILITY

● Fully automatic! Completely trouble-free! That's *Dual-automatic* Water Cooling — Westinghouse Water Cooling. For only the Westinghouse gives you double reliability, double protection, double assurance of permanent, trouble-free service. *Dual-automatic* Water Cooling is made possible by the Built-in Watchman, *a more-than-human control used in no other water cooler*. This, together with a second automatic device — the 7-point adjustable-automatic Temperature Selector with its constant 50° cooling point — now gives you, for the first time, water cooling that is completely automatic under *all* conditions.

It pays for itself—make us prove it
When you buy any one of the four Westinghouse *Dual-automatic* Water Coolers (either bottle or pressure types) you are starting to save money, not spend it — for the Westinghouse cooler actually pays for itself out of economies it effects in your business. Ask Westinghouse to prove this; ask, too, about the liberal terms—a 10% first payment and the balance in convenient monthly installments.

MAIL THE COUPON TODAY!

Westinghouse Electric & Mfg. Co.,
Merchandising Dept., Mansfield, O.

Please send me facts about *Dual-automatic* Water Coolers and your money-saving proposition.

Name
Position
Firm
Address
City State



This Book Is FREE! Send For Your Copy



Are Your Distributors GAMBLING with YOUR Money?

CONSIGNMENT selling is often necessary and desirable—but from it flow many evils: the constant temptation to delay reports of actual sales, to swell inventories of goods on hand, to be careless of the goods themselves.

Dealers returning consigned goods charge back the freight originally paid, and make the re-shipment with charges to be collected. The selling expense becomes a dead loss; and the salesman who is debited for commission already paid lets out a loud howl—although the commission appears as unearned.

Dealers in commodities subject to price fluctuation take advantage of the consignment seller at every turn: they ask for invoices when prices go up, then perhaps advertise price-cuts and give away the profit. Buyers everywhere pride themselves on their "standing" with salesmen which enables them to get "protection at the old price."

The use of A.W.A. merchandise warehouses by manufacturers reduces the evils of consignment selling by providing adequate control. Title to the goods remains with the manufacturer so long as the goods remain in the warehouse. Dealers withdraw supplies only as fast as they can sell them. The warehouse reports withdrawal at once to the manufacturer, who bills immediately.

Full details of this service, as well as a general outline of the plan by which A.W.A. warehouses save American manufacturers thousands of dollars annually in distribution costs, are contained in a bulletin recently published by our Association. Write today for your free copy.



**AMERICAN
WAREHOUSEMEN'S
ASSOCIATION**
2002 Adams-Franklin Bldg. Chicago, Ill.

When writing please mention Nation's Business

work has been applied to it, has actually cost me \$12. The same subscriber will receive in postage the equivalent of \$1.50 in the course of the year. In the same period I have to pay to printers, photographers, engravers, artists, editors and many other people an average of \$15 per subscriber. Thus the goods and services which I pass on to my subscriber cost me considerably more than the six dollars he pays me. No doubt can therefore be entertained as to the benefit my subscriber derives from this little piece of exchange.

Economy to the advertiser

THE other half of my business is done with the advertiser, who pays me \$50 to have his announcement printed on a page of one week's issue of my magazine. If that advertiser were to decide, instead of using this page, to make his announcement in his own way by a circular, he would pay for paper, printing, postage, wrapping and addressing, something nearer \$600 to reach the same people. There can be little doubt, therefore, that the advertiser benefits from this exchange with me.

And yet out of these two apparent losses I make money. My loss to the subscriber is actual, definite, and heavy. The loss on the advertiser is not real, because an actual profit is made by printing the announcements of a number of advertisers together.

A successful newspaper, therefore, provides a good example of the way in which exchange brings profit and advantage to all the parties concerned.

The more the exchange, the more the wealth, but exchange must be free if we are to get the best out of it. There must be no force behind it other than the force of individual desire. There can be no satisfactory exchange between the private individual and the bureaucrat, for instance. Each one of us must be free to make, or decline, the exchange at his pleasure. Only so can we guarantee that exchange will be fair and equitable, and that there will be benefit on both sides. That is one of the reasons why governments cannot trade.

Reverting once more to my definition, a possible amplification of it might read: "Wealth is exchange; money is the medium of exchange."

Money was invented by merchants to facilitate exchange. It is, therefore, the medium of exchange and nothing else. Exchange started as barter, when somebody bargained a sheep for a sack of corn. In the course of time, money was evolved. The man who bargained his sheep for a bag of corn, because he

wanted corn, had to find not only a man with corn, but a man who, having corn, also wanted a sheep. Through the medium of money we have complicated and simplified things to the point of perfection which is reached when I can use the services of a buyer in Chicago to satisfy the man who makes my hat in Lancashire.

But it is important to remember that money is only the medium of exchange. The attempt to use money for purposes other than exchange is responsible for a large share of the troubles from which the world is suffering. When we begin to use money without regard to its natural and essential purpose—exchange—we are surely steering for calamity.

Money rightly used is a measure or token of some article or some service which is exchanged for some other article or service, the exchange being calculated by the parties to be equitable and proper.

Nothing shows more clearly the need for a far closer attention than is usual among us to the science of economics than the acceptance as a right and proper thing, in these later years, of the haphazard handling of money by our politicians. It is difficult to get the public to think seriously of these questions. The voter is concerned about his own few hundreds a year, and his mind, it would seem, declines to function if only the politician will talk of enough millions. The fact is that when we depart from the principle of exchange, money ceases to function. The same argument requires development in other ways. There is no exchange about a dole. There is no exchange about an old-age pension. These abuses arise from the growth of the notion that we can, through political action, alter economic law.

No real surplus

THUS I argue that wealth is exchange, that there is no real surplus in connection with exchange; that if the market were free we should be exchanging that which we possess in the way of power of muscle or brain for similar qualities possessed by others, and that the only surplus or profit that does exist arises from the fact that here and there some of us are prepared to conserve some portion of that which we produce, thus through "profit" creating capital, and pave the way for further exchange and further production.

(This is the second of a series of articles. The third describing some of the writer's experiences as a business man will appear in an early issue.)

, 1932

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When the rays of the sun are concentrated, prompt action results. Concentration increases the power and increases the speed of action . . . In advertising, circulation should be sufficiently concentrated to do a prompt, profitable selling job. To expect a circulation of 43* to create worthwhile sales in a rural county of 28,000* is like sending a squad of soldiers to maintain peace in Manchuria. Get volume sales through concentrated sales-pressure. Concentrate for results. . . . Scripps-Howard newspapers offer the highest concentration of circulation available in one unit for national advertisers. Confine your advertising where greatest profit can be made.

CAN YOU GET SALES ACTION WITH COVERAGES LIKE THIS?

COUNTY	POPULATION	CIRCULATION
Guadalupe	28,925*	43*
Travis	77,777	161
Milam	37,915	256
Brooks	5,901	37
Jackson	10,980	117
Tyler	11,448	96
Jasper	17,064	25
Newton	12,524	10
Orange	15,149	91

(This is the actual circulation of a large Texas newspaper in rural counties entirely beyond its trading area. Name on request.)

SCRIPPS-HOWARD NEWSPAPERS

MEMBERS OF THE UNITED PRESS...OF THE AUDIT
BUREAU OF CIRCULATIONS AND OF MEDIA RECORDS, INC.

NEW YORK *World-Telegram* SAN FRANCISCO . . . *News* BUFFALO . . . *Times* COLUMBUS . . . *Citizen* YOUNGSTOWN *Telegram* HOUSTON . . *Press*
CLEVELAND . . . *Press* WASHINGTON . . . *News* INDIANAPOLIS . . *Times* AKRON . . . *Times-Press* FORT WORTH . . *Press* EL PASO *Herald-Post*
BALTIMORE . . . *Post* CINCINNATI . . . *Post* DENVER *Rocky Mt. News* BIRMINGHAM . . . *Post* OKLAHOMA CITY *News* SAN DIEGO . . *Sun*
PITTSBURGH . . . *Press* COVINGTON *Kentucky Post* TOLEDO . . . *News-Bee* MEMPHIS *Press-Scimitar* KNOXVILLE *News-Sentinel* EVANSVILLE *Press*
—*Kentucky Edition of Cincinnati Post* ALBUQUERQUE *New Mexico State Tribune*

10 PARK AVENUE, NEW YORK . CHICAGO . SAN FRANCISCO . DETROIT . LOS ANGELES . ATLANTA . PHILADELPHIA . BUFFALO . DALLAS



The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



WHILE wholesale commodity prices have continued downward to the lowest levels in more than a generation, there are favorable features to buttress the country's more cheerful feeling

FEBRUARY produced new favorable features to support the slightly more cheerful feeling visible since the year opened. Chief among the more optimistic developments were:

The slight advances in prices of securities.

The progress in Congress of banking legislation, reflected in a sharp reduction in suspensions of financial institutions.

A fairly good response by retail buyers to the offerings of winter wear at lower prices.

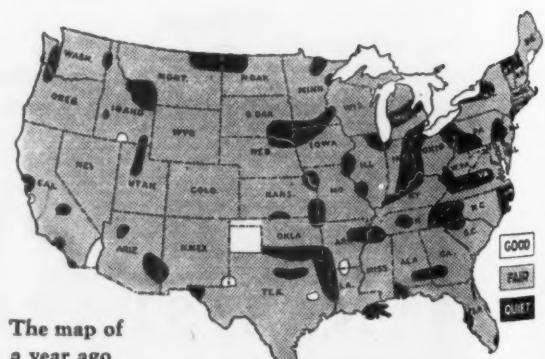
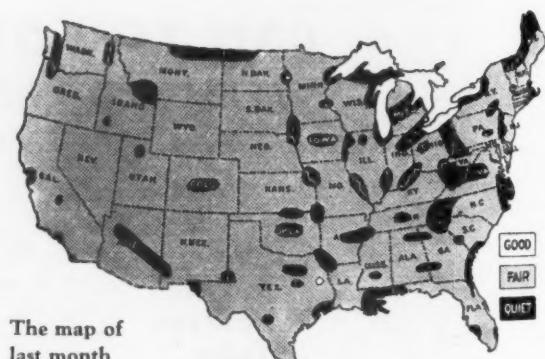
A slight gain in pig-iron production, offset by a possibly slighter reduction in steel output.

The continued strength of wheat and higher range of cotton prices.

These last two were in rather sharp contrast to weakness in most other farm products.

Less favorable was the continuance of unseasonably warm weather, which handicapped both wholesale and retail distribution; the failure of the year-end rally in the automobile industry to move as rapidly as expected; the consequent stagnation in steel buying and the continued downward trend of wholesale commodity prices to the lowest levels in more than a generation.

Most other developments have been such as to continue to indicate that a good deal of strain still exists, the result mainly of past happenings. The farther we get from 1929

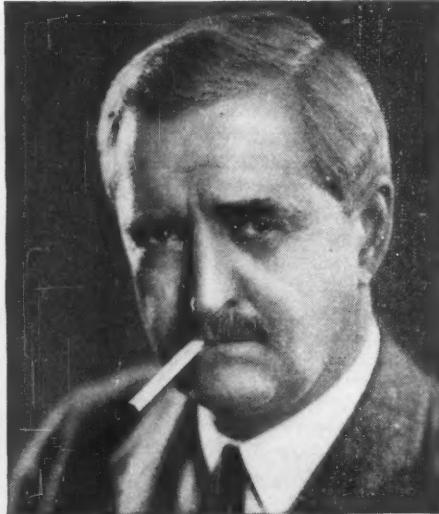


Encouraging developments during February included stronger wheat, cotton and security prices, fewer bank failures and a gain in pig-iron production

OWNER, SUPERINTENDENT, DRIVER, SERVICEMAN

all agree

"The new Goodrich Silvertown has put us in a more strongly competitive position. It has enabled us to maintain higher standards of delivery service at considerably less cost than ever before."



"Am I for these new Goodrich Truck Tires? Say, don't ask. That Big Bertha of mine rides like a Rolls Royce now. And stop? I can stop on a thin dime. They won't dock me any more for late deliveries or breakage claims."



"Changing over to Goodrich Balloons has increased the speed of our trucks 25%. Maintenance and operating costs are much lower now. Drivers can cover more territory. Accidents have been greatly reduced."

YOU'LL agree, too, when you've heard all the facts . . . This new Goodrich Silvertown Truck Tire is not just "another model." It incorporates new basic improvements in the principles of truck-tire construction — the culmination of three years' intensive research in the Goodrich laboratories at Akron, Ohio, during which eighteen experimental types of tires were developed — run 1,257,000 test miles.

The additional mileage, increased cushion, improved traction and safety

made available now in this tire can mean lower trucking costs — increased trucking efficiency for you.

Get the facts from your nearest Goodrich Distributor. Phone him now. Look under "Tires" in the classified directory.

The B. F. Goodrich Rubber Co., Est. 1870, Akron, Ohio. Pacific Goodrich Rubber Co., Los Angeles, Calif. In Canada: Canadian Goodrich Co., Ltd., Kitchener, Ont. The International B. F. Goodrich Corporation (Export).



THE NEW GOODRICH Heavy Duty Express Balloon has a tougher, 15% deeper tread. Improved design gives 22% more road contact area — as much as 27% greater braking control!

Goodrich *Truck* Balloons

another B. F. Goodrich Product

Copyright 1932, The B. F. Goodrich Rubber Company



32,000 Rubber Articles • Goodrich Silvertowns • Zippers • Rubber Footwear
Drug Sundries • Soles • Heels • Hose • Belting • Packing • Molded Goods

When phoning a GOODRICH dealer please mention Nation's Business

SEAMLESS . . .

Not only does the Hackney line include Barrels, Drums, and Cylinders. There are scores of specially designed shapes, for a multitude of uses, made by the Hackney cold drawing method.

In addition to steel, Hackney Containers are built of many different metals, including: nickel, aluminum, copper, and their alloys.

Whatever type of con-

tainer needed—for shipment, mobile storage or handling—for gas, liquid or solid, our 30 years experience can help find and build the right answer.

The satisfaction Hackney Containers have given is evidenced by the number of important concerns that are Hackney users. Your company may benefit by this service . . . write for our new catalog.

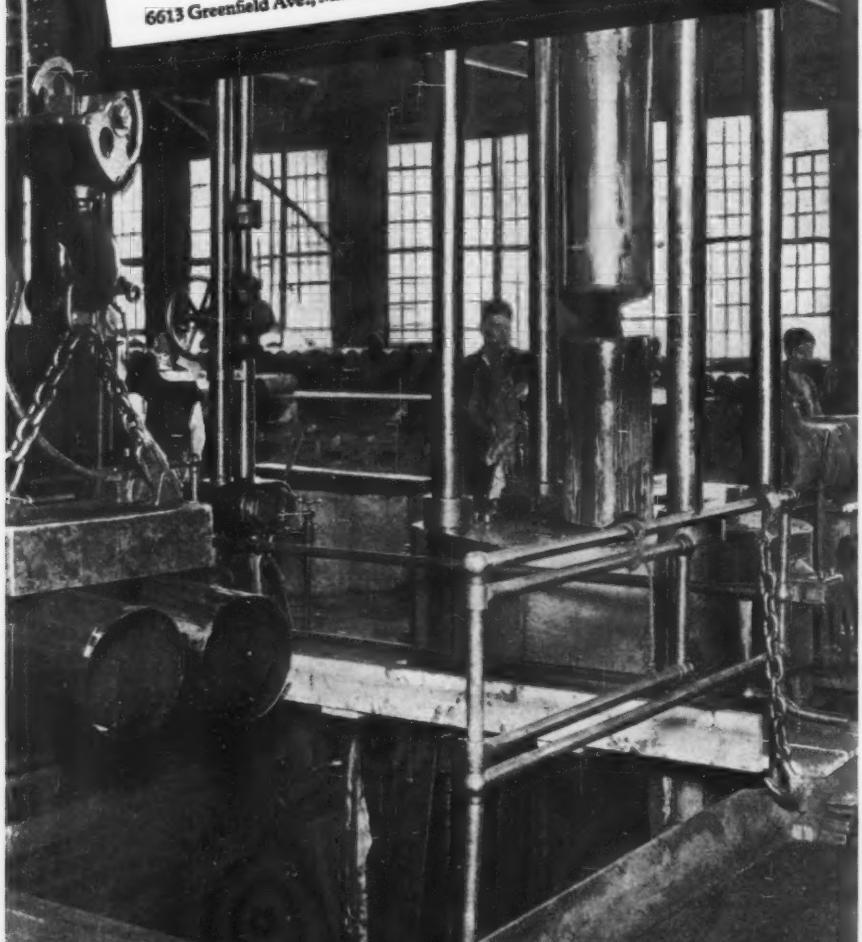


Hackney seamless spun type Liquid Fuel Cylinder . . . entirely seamless from top to bottom. Open end spun inwardly. Forged boss welded. Seamless foot ring.

PRESSED STEEL TANK COMPANY

1179 Central Republic Bank Bldg., Chicago, Ill.
1355 Vanderbilt Concourse Bldg., New York

6613 Greenfield Ave., Milwaukee, Wis. 487 Roosevelt Bldg., Los Angeles, Cal.



Hackney
MILWAUKEE

CONTAINERS FOR GASES, LIQUIDS AND SOLIDS

When writing to PRESSED STEEL TANK COMPANY please mention Nation's Business

and '30 the more evident it becomes that world-wide rehabilitation and repair are more needed than early examination indicated. At the same time a disposition is evident to get down to the foundations of things and make the rebuilding era one of close economy.

Price Index

THE March 1 Price Index shows the second monthly decrease of 2.7 per cent since the new year began; a decrease of nearly 21 per cent over the past twelve months, of 46 per cent from January, 1928, and of 64 per cent from the all-time high touched on February 1, 1920. Commodity prices are showing declines in keeping with the reactions shown in securities from the high points of 1929 to the low points reached in January, 1932. Products continuing to show weakness include breadstuffs, live stock, provisions, fruits, textiles, metals, coal and coke and miscellaneous products—eight out of 13 groups, in fact. Hides and leather, naval stores and building materials advanced slightly. Oils, chemicals and drugs remained unchanged. Only 13 out of 106 products advanced, while 36 showed decreases.

A feature of the February or early March price movement was the scoring of new all-time lows in certain products, notably, rubber, copper, zinc, March-delivery sugar and raw silk.

Stocks and Bonds

IF THE view, now more freely accepted, that the worst of the 1929-'31 debacle is behind us proves correct, the security markets seem to be running true to form. The stock markets are quiet, even dull, while bonds are fairly active. Sales on the New York Exchange of stocks for February and for two months of 1932 were at the lowest volume for those periods since 1925, while bond sales for the same periods were the heaviest in four years.

Railroad stocks, which gained in January, lost a third of their average gain last month. Industrials in February more than made up for their January loss, with the combined average showing a gain in February as against a loss in January. Domestic-bond averages gained a fraction in February, closing at about the month's top with about 1.5 points gain over the last of 1931, thus showing an advance for the second month in succession.

Steel

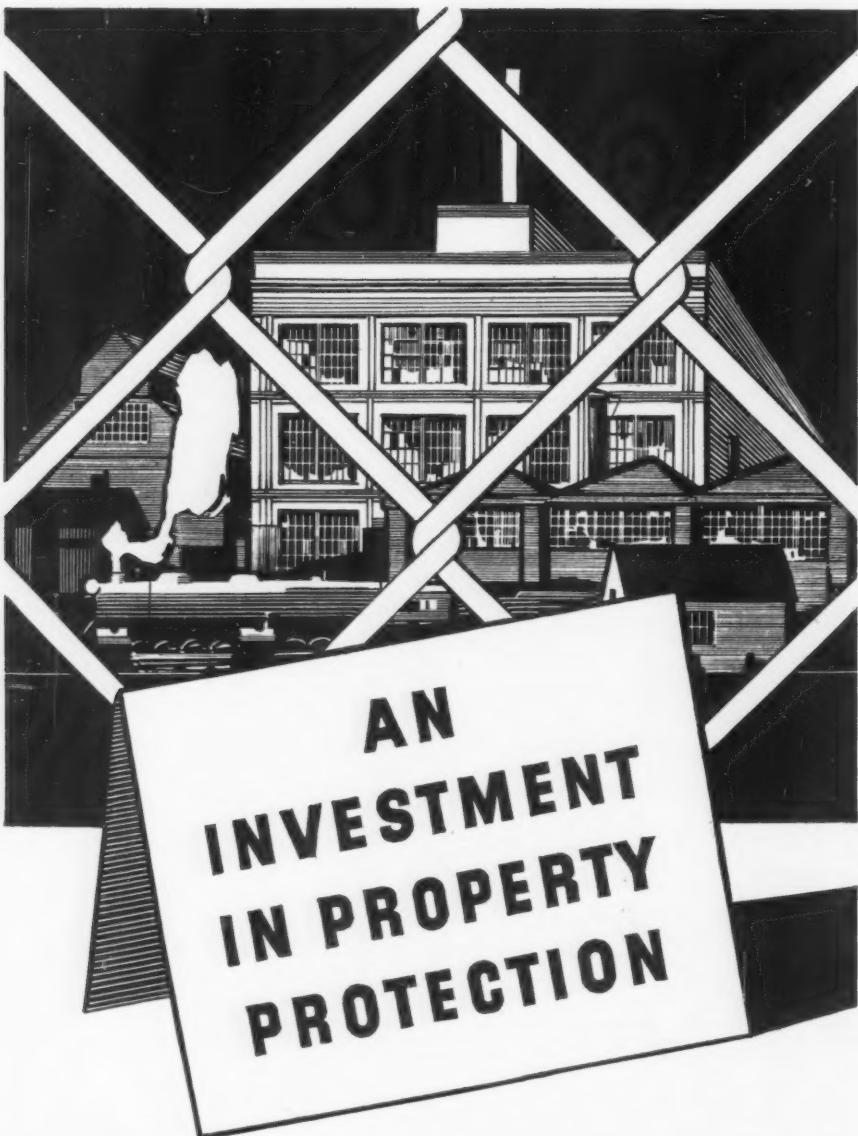
DISAPPOINTMENT at the slowness of the automobile trade's buying of steel was reflected in the slight reaction in the percentage of steel capacity at work in February as



For a century the Erie has
been geared to the exacting
demands of American commerce



ERIE RAILROAD SYSTEM
The Heavy Duty Railroad



Insurance policies do not eliminate the necessity of sprinkler systems or fire extinguishers. No more do watchmen eliminate the necessity of fence. A fence around your plant is a permanent investment in property protection. It collects no premiums and no salary. Pittsburgh Chain-Link Fence is built for permanence. It is doubly protected against rust—made of rust-resisting copper-bearing steel, heavily zinc-coated **after weaving**—and erected on a sturdy framework of seamless steel pipe terminal posts and top rail, and solid "H" section line posts. Original and exclusive features of design as well as quality materials make Pittsburgh Chain-Link Fence an outstanding investment in property protection. An estimate of cost of fencing your property will gladly be given. Erection service available everywhere.

New York
San Francisco
Dallas

Pittsburgh Steel Co.
732 Union Trust Bldg. Pittsburgh, Penna.

Memphis
Syracuse
Chicago
Detroit

Pittsburgh Fence

CHAIN LINK TYPE

When writing to PITTSBURGH STEEL CO. please mention Nation's Business

compared with January, which month saw a fairly confident opening up of buying and consumption.

Pig-iron output in February showed a small gain over January, however. Both continue heavily below the totals of a year ago. Reports of the contemplated Ford production brought better feeling in steel at the close of February. The railroads bought little, mostly rails.

Construction BUILDING-PERMIT value reports contained little that was encouraging, the January total showing a decrease of 55.8 per cent from January, 1931. New York City showed a larger percentage of decrease from last year than did the country at large, although registering a gain over December.

The weather has been against the coal industry, while the slackness of manufacturing is an additionally depressing element. Plans for regional sales agencies for soft coal are still debated, while the miners' unions propose a Federal Coal Commission to operate very much as the Interstate Commerce Commission does with the railroads. Anthracite coal prices were marked down early in March, a month earlier than usual.

Foreign Trade IT IS necessary to go back to August, 1914, and February, 1915, to find smaller totals of exports and imports of merchandise than were recorded in January. The decrease in exports from January a year ago was 39.7 per cent; from January, 1930, it was 63 per cent, and from January, 1929, it was 69 per cent. Imports dropped correspondingly by 25.6, 56.2 and 63.1 per cent. The balance of exports over imports was the lowest for any January since 1923, and for the calendar year, the export balance was the smallest since 1915. One drawback in the foreign-trade situation is the outbreak of tariff fixing in dozens of countries or colonies of those countries. Great Britain has adopted a ten per cent tariff on most products except wheat, corn, meats and cotton.

Another proposal to fix quotas for the import of wheat, with Britain's colonies given preferential treatment, would leave this country to compete with Argentina and other countries for a fraction of the 200,000,000 or more bushels of wheat which Britain imports. The theory is that Canada and Australia would get guaranteed outlets for say 50 per cent and 20 per cent respectively of British imports from abroad while Great Britain's own farmers might be guaranteed a 20 per cent share.

Cessation of foreign financing here,



TOO LATE!

IT happened—like that! Quick. No warning. Such things always do. Too late now to think of the simple rule of good driving that was violated.

Safe driving is merely a matter of judgment tempered with a little restraint and consideration. Yet it is remarkable what happens when a large group of drivers become interested in driving safely.

An interesting example of this is the experience of the millions of car owners who are insured in *mutual* casualty companies. Among this large group of policyholders accidents have been considerably reduced because mutual companies have explained the need, outlined methods and indicated the practical benefit.

Reduction of accidents has reduced losses and this saving has been passed

on directly to mutual policyholders in dividends—20% to 30% of the premium returned year after year—millions of dollars annually!

Substantial reduction of cost—and sound, unfailing protection have made *mutual* coverage the preferred form to thoughtful and experienced buyers of casualty insurance. This is evidenced by the fact that a large percentage of the great industrial corporations of the country have long since joined the ranks of mutual policyholders.

An understanding of the principles and operation of *mutual* casualty insurance is of practical interest to automobile owners, manufacturers, retailers. Write today for an interesting booklet, to the National Association of Mutual Casualty Companies, Room 2100-B, 230 North Michigan Ave., Chicago, Ill.



Stability of Mutual Casualty Companies

The *mutual* plan of insurance is older than any other. 180 years of successful operation has demonstrated its fundamental soundness. The Association Companies listed below are established leaders. The members of the National Association of Mutual Casualty Companies have a combined premium income in excess of \$75,000,000; cash assets of over \$105,000,000; and have returned to policyholders in dividends during the ten year period, 1921 through 1930, a total of \$97,899,199.

For any casualty risk *mutual* insurance is the safest, soundest and most economical protection.

Mutual Protection Is Available for These Casualty Risks:

ACCIDENT	AUTOMOBILE (all forms)
BURGLARY AND THEFT	FIDELITY
LIABILITY (all forms)	PLATE GLASS
PROPERTY DAMAGE	
WORKMEN'S COMPENSATION	

MUTUAL CASUALTY INSURANCE

An American Institution

These Old Line Legal Reserve Companies are Members of NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES and AMERICAN MUTUAL ALLIANCE

(American) Lumbermens Mutual Casualty Co., of Illinois,
New York City
American Mutual Liability Insurance Co., Boston, Mass.
Builders Mutual Casualty Co., Madison, Wis.
Central Mutual Casualty Co., Kansas City, Mo.
Employers Mutual Casualty Co., Des Moines, Ia.
Employers Mutual Liability Insurance Co., Wausau, Wis.

Exchange Mutual Indemnity Insurance Co.,
Buffalo, N. Y.
Hardware Mutual Casualty Co., Stevens Point, Wis.
Interboro Mutual Indemnity Insurance Co.,
New York City
Jamestown Mutual Insurance Co., Jamestown, N. Y.
Liberty Mutual Insurance Co., Boston, Mass.

Lumbermens Mutual Casualty Co., Chicago, Ill.
Merchants Mutual Casualty Co., Buffalo, N. Y.
Michigan Mutual Liability Co., Detroit, Mich.
Mutual Casualty Insurance Co., New York City
Texas Employers Insurance Association, Dallas, Texas
U. S. Mutual Liability Insurance Co., Quincy, Mass.
Utica Mutual Insurance Co., Utica, New York

When writing to NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES please mention Nation's Business

**In all times of stress
a strong anchor of safety**



Our 1931 Financial Summary

TOTAL ADMITTED ASSETS December 31, 1931	\$621,278,133.09
(Massachusetts Insurance Department Standard of Market Valuation)	
INCREASE DURING 1931	37,156,319.68

Policy Reserve Required by Law	\$522,220,800.00
All other Reserves on	
Policyholders' Account	26,260,790.58
Reserve for Taxes and Sundries	3,277,796.75
Dividends payable to policyholders in 1932	20,692,929.83
Special Reserve for Asset Fluctuation and Amortization	5,000,000.00
General Safety Fund	43,825,815.93
TOTAL LIABILITIES	\$621,278,133.09

Income Received in 1931	\$159,953,290.95
Paid Policyholders in 1931	87,743,766.56
Total Paid to Policyholders in 69 Years	769,305,522.00
Dividends Paid to Policyholders in 1931	19,585,230.38

WALTON L. CROCKER
President

Over 370 offices in 37 states and jurisdictions are available for the life insurance service offered by this Company

For information telephone your John Hancock agent

Dates to remember:

MAY 17 to 20, inclusive

Twentieth Annual Meeting
United States Chamber of Commerce
SAN FRANCISCO

SUBJECT: THE JOB AHEAD

usually a great aid to foreign purchases, and exchange or depreciated money restrictions are also working to trim our export trade volume.

Petroleum products have moved irregularly. Production of crude has been such as to cause an easing of prices from earlier months, though the level is still above last summer, with an increase in output at home and enlarged imports. Stocks, however, are well below those in the three preceding years.

In refined lines, products other than gasoline were steady while price-cutting in gasoline brought prices in February near the record low of last June.

World production of crude petroleum in 1931 was estimated at 1,370,000,000 barrels, a decrease of 40,000,000 barrels or about three per cent. This was accounted for almost entirely by a reduction of 48,000,000 barrels or 5 per cent in the output in this country. This country's production in 1931 was 62 per cent, that of Russia about 12 per cent and that of Venezuela eight per cent of the total world output.

Failures IT HAS frequently been noted that the decade ending with 1931 saw vastly larger totals of business failures and liabilities than in earlier years, the disposition being to charge a great deal of this to excessive competition, especially in banking, industrial lines and farming. The desire of a debtor to take advantage of federal laws and re-enter business has also been frequently cited. Ordinary business failures have enlarged and the suspension of more than 9,000 banks in 11 years has naturally swelled liabilities, but the report of the Solicitor General nevertheless shows a remarkable increase from 1921 to 1931 inclusive in the number of bankruptcy cases concluded. This is probably due to inclusion of non-commercial cases, not figuring directly in ordinary trade channels. The percentage paid general creditors has dropped from 7.7 per cent in 1923 to 5.1 per cent in 1931.

As already noted, bank suspensions decreased rapidly after the first week of February. In all, possibly 120 banks closed for the month as against 334 in January, 358 in December, 522 in October and 202 in January a year ago.

Wheat WHEAT supplies outside the United States are rather below a year ago. European countries are reported taking more interest in foreign wheat, with France raising the foreign wheat milling quota to 25 per cent. The new crop acreage prospects outside of



**"It didn't
COST
the Store
HALF
THAT"**

★ POPULAR FALLACIES OF BUSINESS ★

"WHEN I grow up," announced a small boy, "I'm goin' to be a storekeeper. Gee—just think of gettin' all the lollipops you want without costin' you a cent!"

This fallacious view of store-keeping, common in the lower-age brackets, often is only slightly modified with age. Not unusual is the belief that all a storekeeper has to do to make money is buy something low, then pass it over the counter at a high price.

How different from the actual situation! Among department stores, for instance, the most successful group is that with sales of \$10,000,000 a year or more. Net

profits on sales for this group averaged 1.6 per cent in 1930. In groups representing smaller stores, the average varied from 1.1 per cent loss to 0.9 per cent gain. Net profit in the most successful group of shoe stores was 3.1 per cent; of grocery stores, 2.7 per cent. No fabulous returns, surely!

Between 16 and 17 per cent of all sales made by department stores, and leading women's apparel stores, are returned. Stores of the nation pay more than \$192,000,000 annually to take back merchandise. To resell it costs them \$120,000,000 more. Such staggering losses cannot be absorbed in the

cost of doing business. Even though no charge appears against the individual customer, he nevertheless must pay the costs for goods returned every time he makes a purchase.

The popular fallacy that ascribes enormous profits to retailers encourages customers to expect these expensive favors, to order goods on approval and to return them with no thought to the lost time and expense involved. To help business lighten its load of wastes like these is one of the services of Nation's Business—has been for twenty years. Not merely does Nation's Business show the public that lower costs of doing business mean lower prices for what the public buys; Nation's Business also brings to retailers, to bankers, to manufacturers, and to business men the plans and methods by which others deal with this and similar pressing problems.

Nation's Business is the only publication that is devoted exclusively to interpreting business—to dissipating fallacies that hold business back.



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A weekly business digest

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MISSOURI RIVER navigation is coming back—to the advantage of many industries in and near Kansas City. The 6-foot channel between Kansas City and St. Louis soon will connect the Middle West with the ports of the world. Low cost transportation of bulk commodities thus will benefit many shippers.

This is one of many opportunities which Kansas City offers industry—a great market of 19 million people plus many manufacturing and distributing advantages. You can obtain the facts without obligation, by using the coupon below.

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Honolulu, May 4-5, 1932

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Ar. Los Angeles ... 7.30 am Apr. 29th
Ar. Wilmington
Dock. 9.00 am Apr. 29th
"Malolo" sails ... 10.00 am Apr. 29th
Through Pullmans from
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— or —

Matson Lassco Line
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535 Fifth Ave.
New York, N. Y.

Europe favor reduced plantings, while where fall planting has been done there seems more talk of winter or drought killing in northern climes, especially United States and Russia, and drought damage in oriental areas, notably India. With a month to go before American winter-wheat crop prospects become fairly certain the feeling is for a much heavier abandonment and a lower range of condition figures than last year. The slightly higher range of prices of deferred wheat futures, one to two cents up through February, contrasts with the fractional lowering of cash grain.

A really good snow cover existed in some American spring-wheat areas, giving some hope of improved moisture conditions there. Pacific Northwest winter-wheat reports were excellent but export trade with the Orient has been in a slump. Generally speaking, crop and acreage reports in this country indicate a lessened yield of winter wheat as compared with the bumper 1931 yield, but estimates of stocks on farms and visible supplies indicate fuller totals than were recorded a year ago.

Cotton COTTON, like wheat, although yielding occasionally to stock-market fluctuations, has been on the whole stubbornly strong with a price of seven cents or better at New York. This compares with 5.5 cents last autumn. As in wheat, surface developments have seemed to favor prices. These influences have been talk of a heavy cut in acreage, and heavy buying of the staple by the Orient where a shortage in Indian yield and consequent appreciation of the latter's price has brought the superior American staple an unusually heavy outlet.

Mail Orders THE combined sales of three mail-order houses for February were 17.3 per cent below those of the like period a year ago as against a decrease of 21.7 per cent in January and a decrease in February from February, 1930, of 15.9 per cent.

Chains CHAIN-STORE sales for February, according to a preliminary report, fell four per cent below a year ago as against a decrease of 8.2 per cent in January and of 4.3 per cent in February, 1931, from 1930.

Department Stores DEPARTMENT store sales in February dropped 16 per cent from a year ago as against a decrease of 22 per cent in January and the decrease in February, 1931, of nine per cent from February, 1930.

Annual Statements January 1, 1932

THE TRAVELERS

Hartford, Connecticut

L. EDMUND ZACHER, PRESIDENT

THE TRAVELERS INSURANCE COMPANY
Sixty-eighth Annual Statement

ASSETS	RESERVES AND ALL OTHER LIABILITIES
United States Government Bonds	\$70,932,415.00
Other Public Bonds	92,702,718.00
Railroad Bonds and Stocks	79,758,966.00
Public Utility Bonds and Stocks	76,544,360.00
Other Bonds and Stocks	48,154,903.00
First Mortgage Loans	115,921,897.85
Real Estate	21,675,811.62
Loans on Company's policies	106,171,003.04
Cash on hand and in Banks	12,103,472.32
Interest accrued	8,972,347.28
Premiums due and deferred	28,331,806.50
All Other Assets	251,306.36
TOTAL	\$661,521,006.97
	RESERVES AND ALL OTHER LIABILITIES
	Life Insurance Reserves
	Accident and Health Insurance Reserves
	Workmen's Compensation and Liability Insurance Reserves
	Reserves for Taxes
	Other Reserves and Liabilities
	*Security Depreciation Reserve
	Special Reserve
	Capital \$20,000,000.00
	Surplus 22,313,717.52
	42,313,717.52
	TOTAL
	\$661,521,006.97

THE TRAVELERS INDEMNITY COMPANY
Twenty-sixth Annual Statement

ASSETS	RESERVES AND ALL OTHER LIABILITIES
United States Government Bonds	\$1,715,282.00
Other Public Bonds	2,165,135.00
Railroad Bonds and Stocks	3,119,595.00
Other Bonds and Stocks	9,909,337.00
First Mortgage Loans	312,500.00
Cash on hand and in Banks	1,730,823.36
Premiums in Course of Collection	2,017,157.56
Interest accrued	100,567.54
All Other Assets	54.00
TOTAL	\$21,070,451.46
	RESERVES AND ALL OTHER LIABILITIES
	Unearned Premium and Claim Reserves
	Reserves for Taxes
	Other Reserves and Liabilities
	*Security Depreciation Reserve
	Special Reserve
	Capital \$3,000,000.00
	Surplus 4,667,918.04
	7,667,918.04
	TOTAL
	\$21,070,451.46

THE TRAVELERS FIRE INSURANCE COMPANY
Eighth Annual Statement

ASSETS	RESERVES AND ALL OTHER LIABILITIES
United States Government Bonds	\$2,090,324.00
Other Public Bonds	1,246,570.00
Railroad Bonds and Stocks	2,755,528.00
Other Bonds and Stocks	6,456,539.00
First Mortgage Loans	250,000.00
Cash on hand and in Banks	1,756,259.49
Premiums in Course of Collection	1,205,015.14
Interest accrued	129,835.06
All Other Assets	20,433.89
TOTAL	\$15,910,504.58
	RESERVES AND ALL OTHER LIABILITIES
	Unearned Premium and Claim Reserves
	Reserves for Taxes
	Other Reserves and Liabilities
	*Security Depreciation Reserve
	Special Reserve
	Capital \$2,000,000.00
	Surplus 1,828,605.22
	3,828,605.22
	TOTAL
	\$15,910,504.58

*Basis of valuation of securities is the National Convention of Insurance Commissioners valuations adjusted by security depreciation reserves.

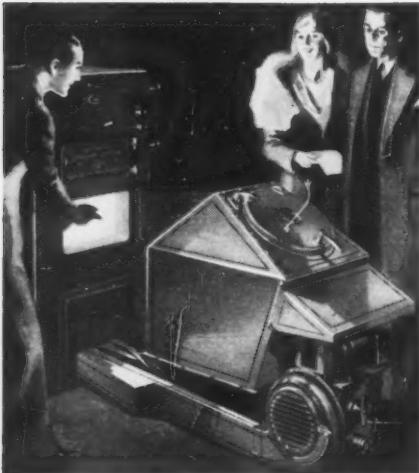
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A Triumph in Home Heating



TERMS AS LOW AS \$12.50 A MONTH

IRON FIREMAN AUTOMATIC COAL BURNER NOW AS LOW AS

\$275

INCLUDING AUTOMATIC CONTROLS
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THIS NEW LOW PRICE ON Iron Fireman for the home has a startling significance! It actually means a luxury that pays a profit. Iron Fireman in hotels, office buildings, schools, churches and plants of all kinds is earning its owners almost* 40 per cent a year profit through fuel savings alone. Now the same proved Iron Fireman is made in a home furnace size at \$275. A few hours and a small installation cost will put one into your own heating system. It will earn you from 15 to 50 per cent a year on your investment.

LEARN WHAT IRON FIREMAN CAN DO FOR YOU... here's our offer

Have your heating plant surveyed by an Iron Fireman engineer at no cost to you. Learn exactly where your fuel money is going and for how much less you can buy the same amount of b.t.u.'s (heat units). A simple request to the factory or the nearest authorized Iron Fireman dealer is the only action necessary.

*A nation-wide survey showed industrial users earned 39.44 per cent per annum.

Iron Fireman Mfg. Co., Cleveland, Ohio. Dept. N-1.

- Send Literature.
- I request a survey of my heating plant.
- Residence
- Industrial

Name.....

Address.....

When writing please mention Nation's Business

On the Business Bookshelf

PROFIT is the life blood of business, but, says W. L. Churchill in "Pricing for Profit"¹ prices are all too often made without due regard to reasonable profit. And conversely most of the financial difficulties of manufacturing companies are due primarily to improper pricing of their products.

For instance, one manufacturer makes his prices according to a uniform mark-up on the cost of materials. If the cost of materials goes up, his profits increase accordingly; but if the cost of materials goes down, he operates with less profits or even at a deficit.

The remedy, Mr. Churchill says, is to make prices equal to the cost of materials, plus the cost of conversion, plus the required profit per unit, plus the cost of selling. The required profit, he argues, is equal to the cost of conversion.

He develops several formulas for profit and selling costs.

We cannot agree with him in detail but certainly his principle is worth careful study.

"EVERYMAN and His Common Stocks,"² by Laurence H. Sloan, vice president of Standard Statistics Company, has one striking difference from the majority of similar books published during the last few years. The author advocates the study of individual stocks first and the long-term trends second. He does not recommend putting all one's cash into stocks at the estimated low of a cycle and then dumping them at the estimated high point. Short-selling has no place in his program.

The key to his plan is eternal vigilance in determining the trends and future possibilities of individual stocks.

GEORGE A. Cowee in "Common Stocks and the Next Bull Market"³ writes what might be called a book of short essays on stocks and the stock market. There are 29 chapters, all short,

"Pricing For Profit," by W. L. Churchill. The Macmillan Company, New York, \$3.

"Everyman and His Common Stocks," by Laurence H. Sloan. Whittlesey House, McGraw-Hill Book Company, Inc., New York, \$2.50.

"Common Stocks and the Next Bull Market," by George A. Cowee. The Fort Hill Press, Boston.

dealing with various phases of the subject.

PROFESSOR HOFFMAN has written a book⁴ describing the nature of future trading on American commodity markets.

The book is in two sections, the first, the more elementary, describing the rudiments of future markets, and the second going into more complex problems such as price aspects and related subjects, hedging, and regulation.

In considering the various problems of the subject, he has been governed by economic aspects alone, omitting social and ethical viewpoints.

PROFESSOR ROGERS⁵ has made careful study of the balance of international payments of the United States. He calls the United States a country suddenly turned from a debtor to a creditor who does not know what to do in its new financial condition.

Professor Rogers criticizes our tariff on the grounds that it prevents foreign countries from repaying their obligations to us.

Several interesting chapters are included on the parts of the total of international payments which automatically adjust themselves for changed conditions and the conditions that cause some of these transfers, such as short-term credits, to work negatively in a severe money panic.

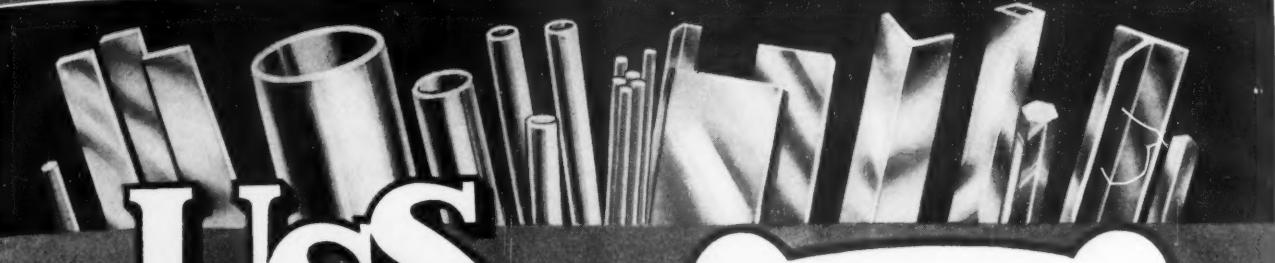
THE economic councils of Germany and France are described in "Advisory Economic Councils"⁶ by Lewis L. Lorwin. Both councils are intended to provide information and advice to the government on proposed laws. Both provide more or less of a balance between the conflicting economic groups of the country.

The legislatures, especially the French parliament, have impeded the work of the councils through jealousy.

"Future Trading," by C. Wright Hoffman. University of Pennsylvania Press, Philadelphia, \$5.

"America Weighs Her Gold," by James Harvey Rogers. Yale University Press, New Haven, Conn., \$2.50.

"Advisory Economic Councils," by Lewis L. Lorwin. The Brookings Institution, Washington, 50c.



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MANUFACTURING and INDUSTRIAL—Machinery and furnace parts, dampers, fans, preheaters, pumps, conveyor, turbine blades, nozzles, plungers, and machinery specialties.

CHEMICAL—Vats, tanks, stills, digesters, condensers, retorts, paper and pulp manufacturing equipment, circulation systems, and laboratory apparatus.

OIL REFINING—Bubble caps, still tubes, linings, heat exchangers, ducts, containers, tanks, agitators, and other refining equipment.

FOOD HANDLING—Pasteurizers, tables, hospital and hotel kitchen equipment, restaurant fixtures, cafeteria trays, food preserving and dairy machinery and accessories, ice cream and milk containers and utensils.

ARCHITECTURAL—Structural members and supports, hinges and hardware, decorative metal embellishments, flat surface facings, moldings, doors, grilles, panels, and ornamental work.

HOME APPLIANCES—Kitchen equipment, cooking and canning utensils, furniture, cabinets, electrical appliances, sinks, plumbing fittings, stoves, ranges, and tableware.

MISCELLANEOUS—Packing house equipment, soda fountain counters and fixtures, display cases, humidors, handles, hooks, trays, golf clubs, skates, switch boards, metallic mirrors, laundry machinery, tank cars, railway car parts and fittings, and many other uses where beauty and resistance to corrosion are important factors.

Chromium-Nickel
Steels
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USS 18-8
USS 18-12
USS 25-12

Chromium-Alloy
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Ferritic
USS 12
USS 17
USS 27



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These products are recommended according as one or another of these alloys is best suited to the specific requirements involved. Correspondence is invited by the five subsidiary companies of the United States Steel Corporation named below—each with respect to the particular forms of steel that it produces. Send for literature.

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AMERICAN STEEL & WIRE COMPANY, Chicago Cold Rolled Strip Steel, Wire and Wire Products

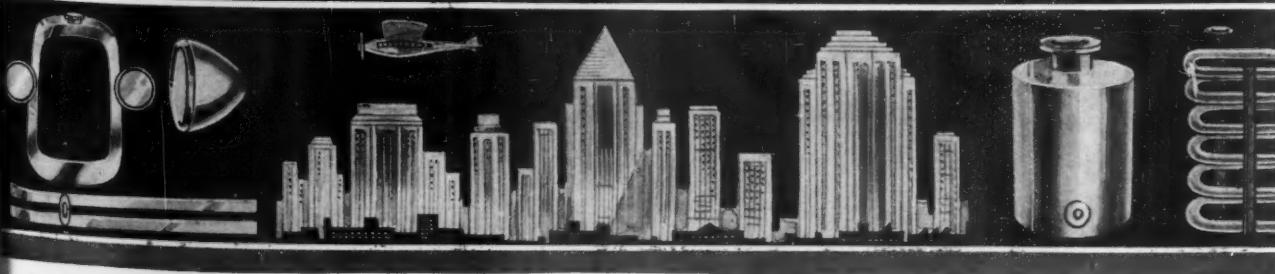
CARNEGIE STEEL COMPANY, Pittsburgh Bars, Plates, Shapes, Special and Semi-Finished Products

ILLINOIS STEEL COMPANY, Chicago Bars, Plates, Shapes, Special and Semi-Finished Products

NATIONAL TUBE COMPANY, Pittsburgh Pipe and Tubular Products



Pacific Coast Distributors: COLUMBIA STEEL COMPANY • Russ Building, San Francisco
Export Distributors: U. S. STEEL PRODUCTS COMPANY • 30 Church Street, New York City



When writing to the above companies please mention Nation's Business



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HAWAII—truly this is a fascinating land...one that has charmed visitors since the first ship came.

We quote from a recent issue of the *New York World-Telegram*:

"The simple, friendly spirit of its early people still hovers over this gentle land, and the glowing Hawaiian moon still rises over the purple heights of Diamond Head, beglamouring those who come under its spell."

"Kamaaina (old-timer), malahini (newcomer)—both hold aloft the Ku-kui torch to that phrase of Mark Twain . . . 'no other land could so beseachingly haunt me . . . its balmy airs are always blowing, its summer seas flashing in the sun; the pulsing of its surf-beat is in my ears. I see its garlanded crags, its plumy palms drowsing by the shore; in my nostrils still lives the breath of flowers that perished twenty years ago.'"

Hawaii and Pacific Coast conventions give added reasons for a Hawaii trip this year.

†National Foreign Trade Council
Hawaii, May 4-6

†Fourth Pacific Rotary Conference
Hawaii, June 12-15

Rotary International Convention
Seattle, June 20-24

†With direct steamer connections for the Mainland meetings.

*Less Than \$300

A three-weeks round-trip from the Pacific Coast, all expenses included—hotel, sightseeing, etc.—can be made for \$290.

For convention delegates and their families special steamship and hotel rates have been arranged.

Write for details. If you wish special booklet, with maps, please send 10c.

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TOURIST BUREAU
OF HONOLULU, HAWAII, U. S. A.
225F BUSH ST., SAN FRANCISCO

When writing please mention Nation's Business

What the Jobless Are Thinking Today

(Continued from page 34)
rings for hat-boxes. A banking-house cashier, jobless seven months, dons overalls, cakes his finger nails with soap and goes to work as grinder in the assembly line of a motor plant.

Public and private employment offices during any period of economic stress supply the conclusive answer. Men register for jobs. Within a month most of their application forms are or can well be transferred to the inactive file, or, so far as lasting usefulness goes, thrown away. Every day letters or phone calls go out, asking applicants to call regarding positions.

Back bounce answers like these:

"Why, he's working."

"Thanks for keeping me in mind but you can cross my name off your active list; for the present at least."

"Who's this? Oh, yes! I remember now. Why, I've set up a little business of my own. So far I'm getting by."

Come back? As well say the business man does not.

But far transcending the American's capacity to lose his shirt without losing his reason, gleams a truth that, were I to leave this job tomorrow, I'd carry with me as its most enduring, evergreen heritage. For, if there's one cosmic fact job-brokeraging daily and forever sears you with, it's this:

Today's worker is tomorrow's employer; today's employer may be tomorrow's worker. But more to the point, today's job-hunter is, in myriads of cases, yesterday's employer.

Worker to employer—employer to worker—up, down and back again. Employer, worker, each on his own. Scoff at our industrial creed or laud it, but out of it all comes to the worker, busy or idle, that saving grace which has ever spurred us as a people with the faith to build again on old foundations a structure of contentment, more livable and more spacious, than we had ever built before—the grace of understanding which only democracy in industry can bequeath and sustain.

As a Laborer Sees The Depression

To give you some idea of my life and the things which have helped to form my present ideas I will start at the time I first became a wage earner.

I started when I was 16, as a farm

hand in Kansas. In October, 1917, I worked for a bottling works in Abilene, Kan. In November, 1917, my mother and I went to Nevada, on a cattle ranch. I stayed on the ranch two weeks, working for my board and room. Then I went to Elko, where I worked in the Western Pacific Railroad shops. I only stayed there two weeks, when my mother and I decided to go to Butte, Mont.

Holding various jobs

IN JANUARY, 1918, I went to work for the Hennessy Mercantile Company in Butte, as a swammer on a delivery truck. I remained until October, 1920. I was then getting \$60 per month. I left Hennessy's to work for the express company, as a money guard, at \$135 a month. When the Government returned the express company to private ownership I was again out of a job.

While I was in Butte, I had been going to business college at night. After I left the express company one of the owners of the business college found me a position as collector for a music house in Butte, which paid \$100 a month. In 1921, the price of copper dropped and the mines were shut down.

I then went to Greybull, Wyo., in June, 1921, and worked at the oil refinery at \$4.95 a day. After about three weeks I was promoted to stow boss at \$5.50 a day. I held several different positions at the refinery, until 1924, shortly after I was married, when the force was cut and I was laid off. I have held several jobs since then in different parts of the West—night man in a garage, warehouse man, road work, cook and many others, but I will not put in much time on the others except one.

In 1928 my wife, son and I came to Abilene, Kan., where I obtained a clerical position at \$80 per month. This lasted about a year and I was getting \$90 a month. I was in line for a promotion but my immediate superior did not think me capable of holding the new position. However, the general auditor gave me a chance. But my immediate superior and I did not get along very well.

I quit in March, 1929, and returned to Wyoming, where I held several minor jobs until a week before Christmas, 1930, when I was laid off. I only worked about two months during 1931. In October I came back to Abilene, where my family and myself are now living.

The part by part test proves them *money makers*



PUT A DODGE TRUCK, any Dodge Truck, to the part by part test. Tear it down. Take it apart, piece by piece. You may do this literally or by going over the specifications.

Take, for instance, the 1½-ton Dodge Truck which challenges every other truck of like capacity in the lowest-price field on the price score, the economy score, the performance score and the dependability score.

- 1 *A big, powerful truck engine with:*
 - (a) full-pressure lubrication
 - (b) statically and dynamically balanced crankshaft

(c) light-weight steel-strut aluminum alloy pistons

(d) positive pump cooling

(e) new inserted valve seats that prolong valve life and materially lower up-keep costs

2 Simple, reliable electrical system with positive shift starter

3 Dependable heavy-duty full-floating rear axle

4 Semi-irreversible worm and sector steering gear that provides easy, safe steering

5 Rugged 7-inch frame with five sturdy cross-members

6 Long, wide, semi-elliptic springs of enduring silico-manganese steel

7 Sturdy 10-inch single-plate clutch

8 10¾-gallon fuel tank—below floor level

9 Strong, ventilated disc wheels

10 Heavy-duty 4-speed transmission

11 Long-wearing cast brake drums

12 Weatherproof internal hydraulic brakes

Here's quality. Here's a modern truck. And at its exceptionally low price, here's value—as you can readily prove for yourself by critical inspection, test and comparison.

DEPENDABLE DODGE TRUCKS

For any heavy-duty need, there is also a size and type of Dodge Truck to fit. Gross capacities range up to 25,000 pounds . . . and higher for tractor-trailer service. Prices are low on any basis of comparison.

When visiting a DODGE TRUCK dealer please mention Nation's Business



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We quote from a recent issue of the *New York World-Telegram*:

"The simple, friendly spirit of its early people still hovers over this gentle land, and the glowing Hawaiian moon still rises over the purple heights of Diamond Head, beglamouring those who come under its spell.

"Kamaaina (old-timer), malahini (newcomer)—both hold aloft the Ku-kui torch to that phrase of Mark Twain . . . 'no other land could so beseechingly haunt me . . . its balmy airs are always blowing, its summer seas flashing in the sun; the pulsing of its surf-beat is in my ears. I see its garlanded crags, its plump palms drowsing by the shore; in my nostrils still lives the breath of flowers that perished twenty years ago.'"

Hawaii and Pacific Coast conventions give added reasons for a Hawaii trip this year.

†National Foreign Trade Council
Hawaii, May 4-6

†Fourth Pacific Rotary Conference
Hawaii, June 12-15

Rotary International Convention
Seattle, June 20-24

†With direct steamer connections for the Mainland meetings.

*Less Than \$300

A three-weeks round-trip from the Pacific Coast, all expenses included—hotel, sightseeing, etc.—can be made for \$290.

For convention delegates and their families special steamship and hotel rates have been arranged.

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When writing please mention Nation's Business

What the Jobless Are Thinking Today

(Continued from page 34)
rings for hat-boxes. A banking-house cashier, jobless seven months, dons overalls, cakes his finger nails with soap and goes to work as grinder in the assembly line of a motor plant.

Public and private employment offices during any period of economic stress supply the conclusive answer. Men register for jobs. Within a month most of their application forms are or can well be transferred to the inactive file, or, so far as lasting usefulness goes, thrown away. Every day letters or phone calls go out, asking applicants to call regarding positions.

Back bounce answers like these:

"Why, he's working."

"Thanks for keeping me in mind but you can cross my name off your active list; for the present at least."

"Who's this? Oh, yes! I remember now. Why, I've set up a little business of my own. So far I'm getting by."

Come back? As well say the business man does not.

But far transcending the American's capacity to lose his shirt without losing his reason, gleams a truth that, were I to leave this job tomorrow, I'd carry with me as its most enduring, evergreen heritage. For, if there's one cosmic fact job-brokeraging daily and forever sears you with, it's this:

Today's worker is tomorrow's employer; today's employer may be tomorrow's worker. But more to the point, today's job-hunter is, in myriads of cases, yesterday's employer.

Worker to employer—employer to worker—up, down and back again. Employer, worker, each on his own. Scoff at our industrial creed or laud it, but out of it all comes to the worker, busy or idle, that saving grace which has ever spurred us as a people with the faith to build again on old foundations a structure of contentment, more livable and more spacious, than we had ever built before—the grace of understanding which only democracy in industry can bequeath and sustain.

As a Laborer Sees The Depression

TO give you some idea of my life and the things which have helped to form my present ideas I will start at the time I first became a wage earner.

I started when I was 16, as a farm

hand in Kansas. In October, 1917, I worked for a bottling works in Abilene, Kan. In November, 1917, my mother and I went to Nevada, on a cattle ranch. I stayed on the ranch two weeks, working for my board and room. Then I went to Elko, where I worked in the Western Pacific Railroad shops. I only stayed there two weeks, when my mother and I decided to go to Butte, Mont.

Holding various jobs

IN JANUARY, 1918, I went to work for the Hennessy Mercantile Company in Butte, as a swammer on a delivery truck. I remained until October, 1920. I was then getting \$60 per month. I left Hennessy's to work for the express company, as a money guard, at \$135 a month. When the Government returned the express company to private ownership I was again out of a job.

While I was in Butte, I had been going to business college at night. After I left the express company one of the owners of the business college found me a position as collector for a music house in Butte, which paid \$100 a month. In 1921, the price of copper dropped and the mines were shut down.

I then went to Greybull, Wyo., in June, 1921, and worked at the oil refinery at \$4.95 a day. After about three weeks I was promoted to stow boss at \$5.50 a day. I held several different positions at the refinery, until 1924, shortly after I was married, when the force was cut and I was laid off. I have held several jobs since then in different parts of the West—night man in a garage, warehouse man, road work, cook and many others, but I will not put in much time on the others except one.

In 1928 my wife, son and I came to Abilene, Kan., where I obtained a clerical position at \$80 per month. This lasted about a year and I was getting \$90 a month. I was in line for a promotion but my immediate superior did not think me capable of holding the new position. However, the general auditor gave me a chance. But my immediate superior and I did not get along very well.

I quit in March, 1929, and returned to Wyoming, where I held several minor jobs until a week before Christmas, 1930, when I was laid off. I only worked about two months during 1931. In October I came back to Abilene, where my family and myself are now living

The part by part test proves them money makers



PUT A DODGE TRUCK, any Dodge Truck, to the part by part test. Tear it down. Take it apart, piece by piece. You may do this literally or by going over the specifications.

Take, for instance, the 1½-ton Dodge Truck which challenges every other truck of like capacity in the lowest-price field on the price score, the economy score, the performance score and the dependability score.

1 A big, powerful truck engine with:

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- (b) statically and dynamically balanced crankshaft

(c) light-weight steel-strut aluminum alloy pistons

(d) positive pump cooling

(e) new inserted valve seats that prolong valve life and materially lower upkeep costs

2 Simple, reliable electrical system with positive shift starter

3 Dependable heavy-duty full-floating rear axle

4 Semi-irreversible worm and sector steering gear that provides easy, safe steering

5 Rugged 7-inch frame with five sturdy cross-members

6 Long, wide, semi-elliptic springs of enduring silico-manganese steel

7 Sturdy 10-inch single-plate clutch

8 10¾-gallon fuel tank—below floor level

9 Strong, ventilated disc wheels

10 Heavy-duty 4-speed transmission

11 Long-wearing cast brake drums

12 Weatherproof internal hydraulic brakes

Here's quality. Here's a modern truck. And at its exceptionally low price, here's value—as you can readily prove for yourself by critical inspection, test and comparison.

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Ship via Galveston and be assured of satisfactory service.



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on the generosity of my relatives. I am on the unemployed list at Abilene, now and then, however, I get some work at 20 cents or 25 cents an hour, work that was done last year for 35 and 40 cents.

Now, why am I out of employment? I have never lost a job for incompetence, and only one for insubordination. Some of my readers will say, "He should have stayed with some one job."

My brother worked 11 years for a railroad company and, through no fault of his, was laid off last month. I will admit that I am somewhat of a roamer, but the western part of the United States is built up by people who left other states.

A chance to earn a living

I DO not believe that the world owes me a living, but I do believe that it owes me a chance to make a living. But when I do not have this chance, or when it is only \$1.60 a day, one week out of four, then what? Must I, an American citizen, throw away my pride, go to some charity organization? To an able-bodied American who is willing to work charity under any disguise is a stigma. I do not want a dole but when I have to exist under one and see people whom I know to owe for groceries buying new cars I ask myself, "Are my ideals worth while? Why can't I get all I can and let someone else hold the sack?" But I have come to this conclusion, I am down but not out, I still have my self-respect, even though it is badly shattered, but those who buy things they cannot pay for are living on a far worse form of charity than I am.

When I see men who cannot buy the necessities of life for their families, on the one hand, then see grain and food stuff going to waste on the other hand, when I see people living in tents, as I did in East St. Louis, then see large, beautiful churches, for which not a cent of taxes is paid, locked so that no one may enter, I cannot but wonder, "What the Hell?"

Do not misunderstand me. I do not want a Russian form of government. Neither do I want to have to go through these conditions again. I still believe in the American Government, in the right to live and to make an honest living, but I do make this plea now. Give us a chance once again to become honest working men and women. Do it now, before it is too late, before we say "What is the use? I can get by with this." Give us these things quickly while we still have our pride, honor and character left.

FLOYD DUNN

Man Collects "Library" of 35 Fine Pipes

Yet Swears By ONE Tobacco Exclusively

Mr. Calvin L. White of Clairton, Pa., is an ardent pipe smoker. To him, a good pipe and good tobacco offer the only *real* smoking satisfaction, and he leaves no stone unturned in his search for the happiest combination.

In fact, in his search he has collected a "library" of thirty-five fine pipes. But his search for a "good tobacco" ended long ago. Let him tell you about it:

608 St. Clair Ave.,
Clairton, Pa.
June 29, 1931

Larus & Bro. Co.
Richmond, Va.
Gentlemen:

I am very much a pipe smoker, because a good pipe and good tobacco offer the only real enjoyment I can get from a smoke. While it is true that a good pipe has a lot to do with a good smoke, the wrong kind of tobacco spoils everything for me. My collection of pipes consists of thirty-five, and all of them are considered fine ones. But when it comes to tobacco, I stick to one brand exclusively—and that is Edgeworth.

My advice to any man is this—get a good pipe, a can of Edgeworth, and enjoy the real comfort and satisfaction that smoking has to offer.

Yours very truly,
Calvin L. White

Why not take Mr. White's advice? Try a good pipe and a tin of Edgeworth Smoking Tobacco. There seems to be something about this cool, slow-burning smoke that makes men "write home about it." Perhaps it's that special Edgeworth blend of fine old burleys with its natural savor insured by a distinctive and exclusive eleventh process.

Your name and address, sent to Larus & Brother Co. at 119 S. 22d St., Richmond, Va., will bring you a free sample packet of Edgeworth. Or you can buy it from any dealer in two forms—Edgeworth Ready-Rubbed and Edgeworth Plug Slice. All sizes from the 15-cent pocket package to the pound humidor tin. Some sizes come in vacuum tins. And, by the way, you'll enjoy listening to the Dixie Spiritual Singers as they sing in the Edgeworth Factory over the N.B.C. Blue Network every Thursday evening.



When writing please mention Nation's Business

Meeting Currency Depreciation

AN ADDITIONAL duty on imports from countries whose currency has depreciated more than five per cent from the October 1, 1931, proclaimed value, is proposed in a bill recently introduced in Congress by Representative Willis C. Hawley of Oregon.

The bill's purpose is to preserve the tariff *status quo* obtaining before currency depreciation became serious and to compensate for the price advantages given foreign exporters when their depreciated currency quotations are translated into terms of United States gold dollars. Other countries on a gold basis have resorted to similar measures.

Foreign currencies have dropped

ARGENTINA, Brazil, British India, British Malaya, Canada, Denmark, Japan, Mexico, Norway, Spain, Sweden, United Kingdom, and Uruguay are among the principal countries having depreciated currencies. They range from 12.8 per cent, as of February 15, in the case of Canada, to 55.6 per cent for Uruguay, with the majority around 28 to 30 per cent. Our imports from the 13 countries for 1931 were roughly \$1,000,000,000.

If all products of these countries were subject to the duties, the maximum new revenue under this bill, it has been estimated, would be approximately \$280,000,000; but deductions for crude rubber, coffee, raw silk, and other products not "mined, produced, or manufactured in the United States," which are exempted from the additional duties by the bill, amount to about \$135,000,000 and would bring the new revenue down to about \$145,000,000.

Depreciation helps some countries

FROM the viewpoint of the countries having depreciated currencies, depreciation provides its own remedy to some extent.

It tends to encourage the exportation of goods and to discourage the importation of goods—which normally would bolster the exchange rate.

Of course manufacturers in countries retaining the gold standard vigorously oppose any incursion into their own markets by depreciated currency merchandise.



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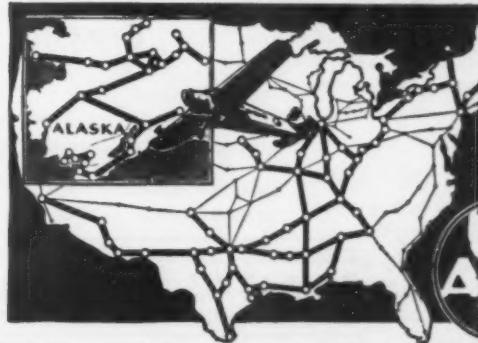
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CAPITAL AND SURPLUS OVER \$80,000,000

Things Talked about in Wall Street

By a Staff Writer of NATION'S BUSINESS

WALL STREET breathed more easily in the early days of this month. Its worst fears hadn't happened. Bank failures had been sharply reduced. Relief was being extended to railroads and talk of receiverships died down. Gold withdrawals slowed and the bond market was braver. The atmosphere was less tense.

That mysterious thing called confidence seemed to be returning.

THERE were few definite pieces of good news in the way of business transactions.

The automotive industry waited restlessly for an announcement from Ford as to prices of his new cars. Steel stirred a little at the prospect of Ford's buying, but wondered at the same time how hard the drive on prices would be. The stock market stagnated.

THE specter of low and perhaps lower commodity prices hung over everything. A world with cotton under 7 cents, copper under 6, rubber under 4, wheat around 70, coffee around 7 and other prices in sympathy is a puzzling world for business. So long as there is fear that commodity prices may go still further down, the prices of finished and semi-finished products on their way to the consumer are slower to come into line.

HERE'S an instance, which a banker told me, of the way in which business is disturbed by commodity-price fears:

In Akron large rubber companies had rubber at say 7 cents, a price which seemed very low. Rubber goes down to 5 cents or less and long-closed mills buy at that price, run for a while and turn out a stock of price-cutting goods.

THERE is no doubt that the world of business and banking is watching commodity prices.

Wherever the chance presented, I have asked, personally and by letter, business men what their eyes were fixed

on to give them the first indication of an upturn in business.

The answers were various but more men said "watch commodity prices" than any other one thing.

A leader in manufacturing wrote me:

For many years past I have been trying to tell my friends that the distress of our agricultural population would eventually result in pulling other business down with it unless the purchasing power of our agricultural producers could be in some measure restored. As long as business in other lines was going good, statements of this kind fell rather flat, but today there is a surprising amount of interest in that angle on the part of people who did not think it worthy of consideration a few years ago.

The potential buying demand, particularly for improving homes and farm property, in my judgment, is sufficient not only to start wheels moving but keep them moving for a considerable time. Our cities are overbuilt with too many office buildings and too much factory capacity, but country building has been negligible ever since the outbreak of the war.

"GOOD crop prospects indicating a more favorable outlook for the farmer" was the way Otto H. Falk, president of Allis Chalmers, put it and his products go only in small measure to the farm.

"WATCH the index of wholesale commodity prices," said Lewis H. Brown, president of Johns-Manville. "Stabilization on an upward trend is significant. . . . Farm purchasing power, payrolls, industrial production to consumer, Federal Reserve member bank discounts, the bond and stock market and general construction are all important indicators . . . but if we must choose one barometer then let it be prices. . . . Watch prices for an early indication of a return toward normal business."

"THE turn in business will be signalized by a steady upward trend in commodity prices," wrote M. H. Linton, president of the Provident Mutual.

TWO or three men, including Sidney Z. Mitchell, keep their eyes on the output of electricity but Lammot du Pont, president of du Pont de Nemours, was

the one who thought that the first sign of improvement would be in the stock market. His argument is interesting. He wrote:

It is likely that the "ups and downs" of the stock market do not always precede an improvement or decline in business, but when a pronounced upturn occurs, without any actual developments to warrant it, then it must be due to an improvement in sentiment among market operators, both professional and public, and therefore must indicate an improvement in business. For many years it has been noted and pointed out that the stock market "forecasted" business conditions from three to six months. No one could ever understand how the market, which is simply an aggregation of thinking individuals, could accomplish this forecast. Recent developments, which I have observed, indicate to me that the market does not forecast business developments, but in a general way causes them; in that the cause of the market rise is an improvement in sentiment or feeling of a large number of people, and that is what produces an improvement in business.

BERNARD BARUCH—and his opinions always are widely quoted—said, when I asked him what would herald a recovery of business, "Balancing the budget—really balancing it."

G. W. MASON, president of Kelvinator Corporation, said, while it was difficult to pick the one thing that he was watching, if he had to select, it would be bank clearings. Said he:

However, if my opinion were to be frankly expressed, I believe that I would say the most comprehensive single compass is bank clearings, the turnover of money as compared with currency and circulation is fundamentally significant. The spending of the public is probably the foremost factor of recovery, and bank clearings reflect this spending as well as that of corporations. In other words, clearings indicate moving cash and therefore business activity. The greater this movement the greater the prosperity.

THE favorite villain of the depression drama just now is the banker. He is damned by Senators in Congress and Will Rogers says that Henry Ford, Speaker Garner, Newton Baker, Senator Borah and Bernard Baruch all told him that on the heads of the bankers

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rested the greatest responsibility for depression.

Poor bankers! Not a friend in sight! When they did lend money they were promoting inflation and when they didn't lend money they're retarding recovery.

Down in Washington the other day a Texas Senator read this paragraph from a constituent's letter:

I learned of one country bank this morning which has \$20,000 more cash and Liberty Bonds than its entire deposits. I learned of another in the same town that lacks only \$20,000 of having enough cash and Liberty Bonds to retire its deposits. . . . A great many small banks have from 50 to 100 per cent cash and its equivalent to take care of their depositors and these banks will not lend a dollar to anybody.

That probably represents the way a great part of the public feels. As one commentator on passing events put it:

"The banker never did talk much and now he only uses one word and that's 'no.' "

WHAT'S the banker's side? In the first place of course he is dealing with other people's money which has been entrusted to him for safe-keeping and much as we may admire liberality we don't like the idea of being liberal with our money.

The fact is, however, that the banks don't lend largely because business doesn't want to borrow. The great majority of a bank's loans are made to its more important depositors. In the case of one fair-sized bank, 80 per cent of its loans were made to clients whose average deposits ran above \$100,000. No doubt many banks show a higher percentage than that. The other 20 per cent went to a large number of small borrowers or was denied to small and doubtful borrowers who are adding to the clamor against the banks. The

banks are eager to persuade their large depositors to borrow.

TWO months ago I quoted a banker experienced in loans to foreign countries as saying that he hoped for good results from the inquiry by the Senate into foreign borrowing.

Recently I asked what he thought of the inquiry as it had developed.

"I am disappointed," he said. "I think Senator Johnson missed a great opportunity. I wish he had questioned every witness and followed through his questions along these two lines:

"First—what steps did you take in making loans in foreign countries to make certain that the lender was adequately and amply assured of the payment of his interest and the return of his principal?

"Second—what steps did you take to assure yourselves that the loan was within the means of the borrower and that it was a necessary part of his development?

"I'm afraid the answers would have been very unsatisfactory in both lines, especially the second, but they might have led to some concerted and constructive action in the future. As it is we have presented to us a bill which seems to me to be unwise—a bill proposing a Foreign Loan Board to consist of the Secretaries of State and Commerce and the Governor of the Federal Reserve Board to permit or prevent foreign loans.

"The danger lies in making such loans an adjunct to our foreign policy rather than a straight-out business transaction, a plan which has been tried with unhappy results by some European countries."

A WASHINGTON friend points out that this country is not without a "for-

Where Business Will Meet in April

DATE	ORGANIZATION	CITY
4	Association of Marine Underwriters of the United States	New York
11-14	American National Red Cross	Washington
11-15	National Association of Hosiery & Underwear Manufacturers	Philadelphia
11-15	American Oil Burner Association	Boston
12	New York and New Jersey Live Stock Exchange	New York
12-14	Lumbermen's Association of Texas	Fort Worth
15	Cotton Manufacturers Association of Georgia	Atlanta
15	Electrical League of Utah	Salt Lake City
22-23	Southern Commercial Secretaries Association	Atlanta
22-24	Petroleum Industry Electrical Association	Dallas
25-27	National Academy of Science	Washington
25-28	National Association of State Chambers of Commerce	Richmond, Va.
25-30	Virginia Music Teachers State Association	Richmond, Va.
26	Ohio Wholesale Grocers Association	Columbus
27-29	National Pipe and Supplies Association	White Sulphur Springs
27-30	American Institute of Architects	Washington
28-30	Missouri Association of Public Utilities	Excelsior Springs, Mo.
28-30	American Physical Society	Washington

Secretaries of national trade associations are urged to notify Nation's Business of their coming meetings. Notice of conventions should reach Nation's Business at least 30 days before date of publication of the issue in which they are to appear.

BUSH advantages gave LILY CUP

Schedule of typical savings to be effected by moving to Bush Terminal ... actual figures prepared for another manufacturer.

	At Previous Location	At Bush Terminal
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Rental	19,500.00	\$30,000.00
Water Tax	150.00	———
Building Repair	3,900.00	———
Insurance	5,705.00	1,350.00
Liability Charges	350.00	100.00
Heat, Elevator Operator, Power, Light, Refuse Removal, Watchman, etc.	8,930.00	160.00
Trucking	16,000.00	4,000.00
Grand Total	\$59,839.00	\$35,610.00
Savings	\$24,229.00	———
10% payroll saving	\$10,000.00	———
YEARLY SAVINGS 57% \$34,229.00		

Bush Terminal offers eight gigantic piers for ocean and coastwise steamships; concrete and steel fireproof buildings, 100% sprinkled; power, light and steam at lower costs; no cartage costs for moving rail freight into or out of terminal (package or carload); connections with other coastwise steamship lines, eliminating all or part of trucking charges to piers; stations of all consolidated car companies; plentiful labor, 5,000 to 100,000 square feet on one floor, reducing space and supervision costs by 35%; insurance rate as low as 8¢ per hundred; service by every trunk-line railroad entering New York — sidings at every door.

Among the well known products manufactured, warehoused at or distributed from Bush Terminal City are: Lucky Strike Cigarettes, Chesterfield Cigarettes, Raleigh Cigarettes, Del Monte Coffee, Beech-Nut Coffee and Confections, Hills Bros. Coffee, S & W Coffee, Pepsodent, General Motors Export, DuPont Paints, Burgess Batteries, 20 Mule Team Borax, Libby Olives, Frigidaires, A&P Teas and Spices, and many others.



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No matter whether your business is big or small, you can operate more cheaply and more efficiently from Bush Terminal. In this huge industrial city every manufacturing, warehousing and distribution requirement is provided for—every overlapping cost of doing business is done away with—every necessary cost is pared to the bone. Effective savings over other locations of 35% to 50% are the usual thing. Bush custom-tailored facilities — cooperative advantages—are available nowhere else.

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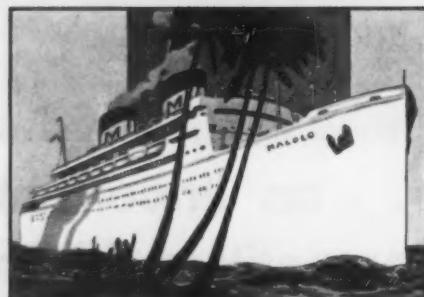
Write us your problems. One of our staff engineers will make an industrial survey of your business and show you what you can save—what additional facilities you can acquire—by moving to Bush Terminal.

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NATIONAL FOREIGN TRADE COUNCIL HONOLULU MAY 4

UNITED STATES CHAMBER OF COMMERCE SAN FRANCISCO MAY 15

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sign loan committee" of sorts. In the Congressional Directory under the "official duties" of the Bureau of Foreign and Domestic Commerce is this:

"A finance and investment division attends . . . to matters connected with the flotation of foreign securities in the United States and the investment of American capital abroad."

In spite of this clause, there was testimony before the Senate Committee that the Department of Commerce expert "reluctantly consented" to approve a loan to Bolivia because the State Department economic adviser said diplomatic relations with Bolivia were delicate.

HERE'S a new economic index.

An old farmer was asked when he thought hard times would be over.

"Well," he said, "I've lived through a good many such days as these and I've noticed that they most always just about last out three pairs of pants. I'm on my third now and the seat is so thin, if I sit on a penny I can tell whether it's heads or tails, so I think we're pretty near out of the woods."

Maybe that's as good an economic index as any. When enough trousers are worn through more will be bought and business will be helped. Part of the troubles may be due to the fact that in '27, '28 and '29 too many men bought too many trousers they didn't have to wear out. In '30 and '31 and so far in '32 they've been wearing 'em out.

ELISHA LEE, vice president of the Pennsylvania, said the other day that his road sent a man to report on banking conditions in a small city. When he got back the man reported that the banks "were in fine shape—very solid and liquid."

IT WAS the editor of the Skibbereen *Eagle* (circulation 250 and published whenever the editor had money enough) who began each issue with a leading article with these words:

"We have our eyes on the British Government—"

The banking world has had its eye—an admiring eye—on the British government of late. Her success in balancing her budget, her anticipation of her indebtedness, her lifting of exchange restrictions, the return of foreign balances to London and the possibility that gold might flow to that city were all of interest and all were factors in helping for better feeling as to foreign affairs.

"The most prosperous country in the world," is the way John Maynard

Keynes described Great Britain. Certainly her balancing of her budget points out to us the road we must follow, hard though it be.

"WHO'S looney now," wired an eccentric resident of Virginia to his brother when the latter was embarking on what proved a short-lived marital adventure with a famous singer.

"Who's looney now," inquire veteran Wall Street observers when they see stocks selling at less than the cash and quick assets of companies, when they see, as Alexander D. Noyes pointed out in the New York *Times*, "high-grade railway bonds quoted in 1931 at prices to yield 7 and 8 per cent, 4 and 5 per cent bonds of entirely solvent railways sold on the Stock Exchange at 40 and 50 cents on the dollar, securities of important European governments and cities, regularly paying interest, would return to the investor, if bought at 'the market's low,' an income of 15 to 35 per cent."

Less than three years ago stocks were shooting up when their net yield was 2 per cent or less and share prices at 30 times earnings instead of ten times.

If we were crack brained then are we less so now?

THE value of all stocks on the stock market was a bit higher at the end of February than at the end of January. On February 29 the 1,320,153,047 shares were worth \$27,585,989,257, a gain of more than a billion dollars in the month. But how have the mighty fallen! In September, 1929, at high-water mark there were only 1,006,068,893 shares but these were worth \$89,668,276,854.

There may be fewer rather than more shares in the futures. The tendency to reverse the old "cutting the melon" policy grows. Some two dozen large companies listed on the Stock Exchange and the Curb have completed or have under way plans to reduce the number of outstanding shares of stock.

IT'S an axiom of economics that one may say that prices are low or that money is high. If it takes 16 pounds of copper or a bushel and a half of wheat or 25 pounds of rubber to buy a dollar is money high or are copper and cotton and wheat low?

England has just had an instance of what can happen when gold is high. From hiding places sovereigns have popped and old gold has been brought in to be melted at a rate of \$2,500,000 to \$3,500,000 a week.

Do You Study Security Values as Closely as You Follow Prices?

FOR many years the Inquiring Investor Department of The Wall Street Journal has upon request furnished security holders with studies in values on their securities. These studies include all the latest available financial facts and comparisons together with an appraisal of management and trends in business. Heretofore the service has been restricted to annual subscribers to The Wall Street Journal.

Many investors at this time need complete, authentic, information on their security holdings. The Inquiring Investor Department has arranged to furnish, without obligation, similar studies in value to responsible business men who request them.

This is not a speculative, or "tipping service", which recommends securities, or attempts to forecast the proper time to buy and sell. Such matters are left to the judgment of the individual investor. The Inquiring Investor is a department of Dow, Jones & Co., Inc., publishers of The Wall Street Journal. It has at its disposal the services of the great Dow-Jones financial news organization to compile, compare, and interpret the underlying facts, news and developments affecting business and finance, and to uncover security values or lack of value, irrespective of price fluctuation.

Security prices fluctuate from day to day. Underlying values change slowly and follow a well-defined trend upward or downward. It is important to follow prices, and still more important to understand changing values. In a period of fluctuating prices, the factual service rendered by the Inquiring Investor, becomes doubly desirable to the man who seeks to follow values.

If you want to know more about any security you hold, write the Inquiring Investor on your letterhead. Enclose a self-addressed, stamped envelope. Limit your questions to one security at a time. You will receive a personal reply.

This offer is made to acquaint you with a valuable information service on securities.

THE WALL STREET JOURNAL

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Business to Meet In the West

BUSINESS interest next month will center largely in two meetings, one the Twentieth Annual Meeting of the Chamber of Commerce of the United States, May 16 to 20; the other the Nineteenth National Foreign Trade Convention, May 4 to 6.

The Annual Meeting of the National Chamber will be held this year in San Francisco, Calif.—the Chamber's first national convention on the Pacific Coast. The theme which will run as an undercurrent through the general sessions and the 13 round-table conferences will be "The Job Ahead." Business men gathered at the meeting, and the thousands of other business men these delegates represent, will face the challenge of extreme conditions which the times have brought and attack the task of meeting the common problems growing out of these conditions.

Discussion on reconstruction

ANSWERS will be sought to such questions as the direction which reconstruction should take, the difficulties to be surmounted, what business must do to adjust itself to economic actualities and what it must do to lay a course for further progress and development. These and other questions will be weighed in the light of practical business experience and accomplishment.

In its entirety, the meeting is expected to constitute a comprehensive stock-taking of business—its resources, needs, and prospects. General aspects of the business situation will be considered at the general sessions; specific problems will be discussed at the round-table meetings.

The general sessions will hear addresses on the country's future prospects, railroad transportation, public finance problems, banking, and foreign trade problems and prospects.

Round-table topics will include tax problems, industrial planning, industrial insurance, problems of the construction industry, modern merchandising, effects of present conditions on the mining industry, ocean shipping, agriculture, foreign trade, and other fields of industry.

The program, as planned, is expected to afford the individual business man attending the meeting a unique opportunity to review his own problems in the perspective of national economic adjustment.



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Regular sailings from New York to Havana, Panama Canal, San Diego, Los Angeles and San Francisco. Accommodations in de luxe First Class and comfortable Tourist Class.

Twentieth Annual Meeting of CHAMBER OF COMMERCE OF U. S. San Francisco—May 16 to 20, 1932

Travel at least one way by sea. Convenient sailings: from New York S.S. *Virginia*, April 30, arriving San Francisco, May 16, a. m. From San Francisco S.S. *Virginia*, May 21, from Los Angeles, May 23,

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The Nineteenth National Foreign Trade Convention has been arranged in close collaboration with the Chamber's Annual Meeting. It will be held in Honolulu, and those attending can return to San Francisco in time for the Chamber sessions.

World trade discussion in Hawaii

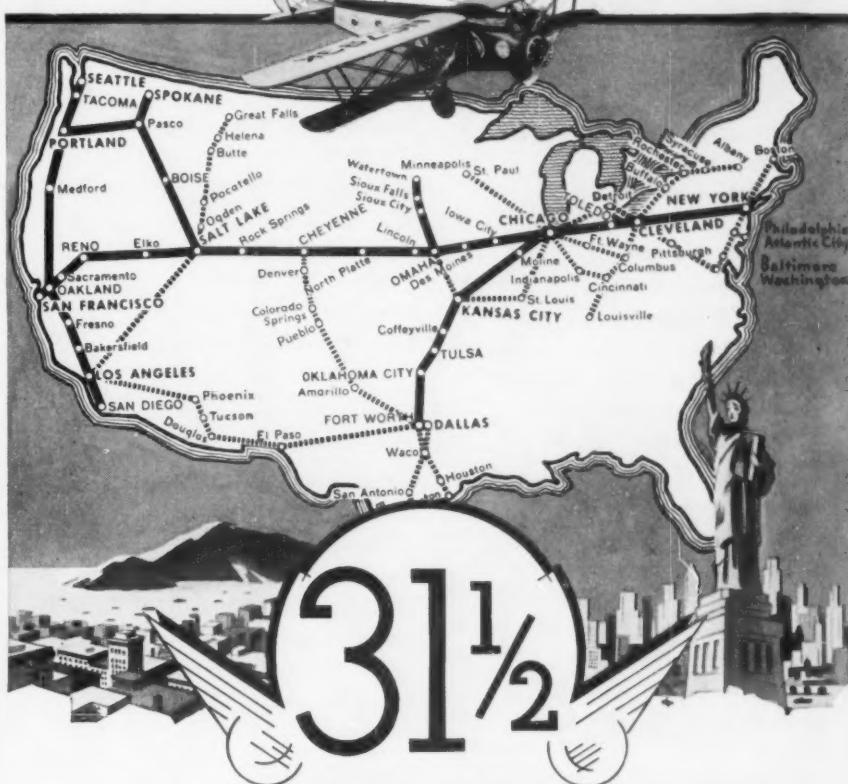
THE Pacific Foreign Trade Council and the National Foreign Trade Council will act as joint hosts to the Honolulu convention, which will be world-wide in its scope. The fundamental situations in Europe and in South America as well as in Asia and the Antipodes will be considered with a view of searching out the facts about world trade. While the field of the discussions will include the entire world, the Pacific Area will be accorded chief attention. Spokesmen of the leading Pacific countries will be on the program.

Unusual advantages in the way of reduced rates and special services will be available to those attending the conventions. Transportation to the Pacific Coast may be arranged by railroad, air or steamship line or by a combination of these, over a variety of routes. The Southern Pacific Railroad offers a choice of four routes to the Coast. Going the aerial route, United Air Lines offers one-day service between New York and San Francisco. Return trips may be made by different routes. The final return limit on the rates for Chamber members is fixed at June 10. Steamship lines operating through the Panama Canal will offer a combination of rail and steamship route. The *Virginia*, of the Panama Pacific Line, will sail from New York on April 30, arriving in San Francisco on the morning of May 16. It will sail for New York from San Francisco May 21, from Los Angeles May 23.

Boat train from Chicago

FOR the National Foreign Trade Convention a through boat train will be run from New York, following the Santa Fe route west from Chicago and connecting directly with the Matson Lassco liner *Malolo* at the latter's dock at Wilmington, near Los Angeles. The ship sails April 29. Eight days will be required for the trip from New York to Honolulu. Special arrangements have been made in Hawaii for the entertainment of the convention visitors, according to the Hawaii Tourist Bureau. The *Malolo* will return to San Francisco May 13, in ample time for the opening of the Chamber Meeting May 16.

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CHICAGO to Kansas City . . .	4	\$25.00
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Index of Advertisers

APRIL, 1932

PAGE	PAGE		
Addressograph-Multigraph Corp.	45	John Hancock Mutual Life Ins. Company	78
Alexander Hamilton Institute	7	Johns-Manville Corporation	56-57
Aluminum Co. of America	53	Kansas City Chamber of Com- merce	80
American Airways, Inc.	87	Kelvinator Corporation	6
American Cable Company, Inc.	63	Kimberly-Clark Corporation	65-66
American Sheet & Tin Plate Co.	83	Larus & Bro. Co.	86
American Telephone & Telegraph Company	3rd Cov.	Matson Line	92
American Tobacco Co., The	4th Cov.	Metropolitan Life Insurance Co.	48
American Warehousemen's Assn.	68	Monroe Calculating Machine Co.	61
Auburn Automobile Company	98	Moore, John C., Corp.	90
Babson Statistical Organization	90	Multiplex Display Fixture Co.	90
Bakelite Corporation	60	Mutual Casualty Insurance	77
Bank of America National Trust & Savings Association	4	New York Trust Company	10
Beauharnois Power Corporation	62	Package Machinery Company	50
Bradstreet's	80	Panama Pacific Lines	94
Burroughs Adding Machine Co.	47	Phoenix Mutual Life Ins. Co.	3
Bush Terminal Company	91	Pittsburgh Steel Company	76
Chevrolet Motor Company	41	Pneumatic Scale Corporation	43
Chicago Tribune	97	Pressed Steel Tank Company	74
Commercial Investment Trust Corporation	88	Reading Iron Company	51
Detex Watchclock Corporation	52	Santa Fe Systems Lines	80
Dick, A. B., Company	2	Scripps-Howard Newspapers	70-71
Dodge Bros. Corporation	85	Southern Pacific Company	8
Ediphone, The	58	Stone & Webster Engineering Corporation	59
Erie Railroad System	75	Travelers Insurance Company	81
Federal Motor Truck Company	1	United Air Lines	95
Felt & Tarrant Mfg. Co.	69	United States Lines	46
Firestone Tire & Rubber Co.	2nd Cov.	Wall Street Journal	93
Galveston, Port of	86	Westinghouse Electric & Mfg. Co.	12-67
Geuder, Paeschke & Frey Co.	62	Youngstown Pressed Steel Co.	9
Goodrich, B. F., Rubber Co.	73		
Hawaii Tourist Bureau	84		
Heyer Duplicator Co., Inc.	94		
International Harvester Co.	55		
Iron Fireman Mfg. Co.	82		

THIS is one of a series
of editorials written by
leading advertising men
on the general subject
of advertising

Advertising in Lean Years

WHEN prosperity rides the heavens, magazines bulge with advertising. But let the clouds of depression descend, let the lean years come—and then the magazines grow thin.

This is to be expected. When profits come easy, many a manufacturer, seeing his competitors represented in the public prints, decides that it is a good time for him to advertise, too. But when profits come hard or disappear entirely, then these manufacturers retire. Advertising is one of the first items on their budget to be pruned. Advertising, in the minds of these men, is largely a luxury.

Yet the history of business during the last twenty years shows that it is the manufacturers who continue to advertise year in, year out, in good times and bad, that hold top place in their respective lines. And many of these strong-hearted, consistent advertisers will tell you that most of their prestige has been built, not in times of prosperity, but in periods of depression.

The reason is simple. When everyone is advertising, it is difficult for any single advertiser to dominate his field. But when the volume of advertising dwindles, then it is easier for those advertisers who remain to command the attention of readers, to dominate the pages of magazines and newspapers—to burn their brand name and their sales points into the public consciousness.

Today, it takes lots of courage for a business man to spend his good iron dollars for advertising. But courage in business, as in war, has its reward. It is safe to predict that, when this period of readjustment is ended, when American industry enters once more upon prosperous times, it will be the courageous manufacturers who advertised right through the lean years that will lead the parade in the good years.

A. O. BUCKINGHAM,
Advertising Director,
Cluett, Peabody & Co., Inc.